

**TOWNSHIP OF GALLOWAY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**

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**TOWNSHIP OF GALLOWAY**

**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**December 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of Township Council  
Township of Galloway, New Jersey

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Galloway, New Jersey, as of December 31, 2012 and 2011, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Galloway on a basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of American, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Galloway as of December 31, 2012 and 2011, or changes in financial position for the years the ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Galloway’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2013 on our consideration of the Township of Galloway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Galloway's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

**May 7, 2013**

**EXHIBIT - A  
CURRENT FUND**

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 8,496,112.50	\$ 6,253,370.56
Change and Petty Cash Funds		<u>1,500.00</u>	<u>1,500.00</u>
		<u>8,497,612.50</u>	<u>6,254,870.56</u>
Other Receivables:			
Due from State of New Jersey		19,667.24	9,917.24
		<u>19,667.24</u>	<u>9,917.24</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	60,076.94	28,189.52
Tax Title Liens Receivable	A-8	1,095,046.30	887,104.19
Property Acquired for Taxes at Assessed Valuation		3,488,694.00	3,488,694.00
Property Deeded to Township		1,388,126.00	1,388,126.00
Revenue Accounts Receivable	A-9	30,428.10	37,642.43
Interfunds:			
Due from Federal and State Grant Fund		-	105,714.50
Due from Special Water Assessment		555.01	-
Due from Trust Fund - Community Events		73.95	-
Due from Bank		-	5,435.90
		<u>6,063,000.30</u>	<u>5,940,906.54</u>
Deferred Charges:			
Special Emergency (40A:4-53)		950,000.00	240,000.00
Emergency Authorization		<u>166,000.00</u>	<u>400,000.00</u>
		<u>1,116,000.00</u>	<u>640,000.00</u>
		<u>15,696,280.04</u>	<u>12,845,694.34</u>
Federal and State Grant Fund:			
Cash	A-4	160,190.77	88,580.45
Grant Receivables	A-11	1,160,102.91	1,372,985.45
Due from the Bank		-	4.00
Due from Current Fund		<u>19,383.81</u>	<u>-</u>
		<u>1,339,677.49</u>	<u>1,461,569.90</u>
		<u>\$ 17,035,957.53</u>	<u>\$ 14,307,264.24</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 1,656,827.61	\$ 772,195.63
Reserve for Encumbrances	A-3	456,244.36	399,382.14
Prepaid Taxes		602,118.03	668,304.55
Tax Overpayments		101,401.78	71,591.16
Unidentified Tax Receipt		184.40	193.06
County Tax Payable		20,325.40	30,740.70
Local School Tax Payable		-	4.50
Regional School Tax Payable		1,740,299.32	1,499,370.94
Accounts Payable		-	6,173.40
Special Emergency Note Payable		950,000.00	-
Tax Appeals Payable		62,500.00	-
Due to State - Permit Surcharge Fees		4,661.00	2,903.00
Due to State - Marriage Licenses		900.00	1,275.00
Due to State - Civil Unions/Domestic Partnerships		125.00	75.00
Due to State - Burial Permits		10.00	10.00
Interfunds:			
Due to Federal and State Grant Fund		19,383.81	-
Due to Sewer Utility Operating Fund		7,395.06	1,869.13
Due to Special Water Assessment Trust		-	1,602.27
Due to Special Law Enforcement Fund		-	7,849.55
Due to Trust - Inspection Escrow		144.88	-
Due to P.O.A.A. Trust		12.00	-
Due to Public Defender Trust		3,966.00	3,966.00
Due to Tax Collector Special Trust Fund		100.00	75.00
Deposits for Trailer Courts		3,732.00	3,732.00
Deposits for Sale of Township Property		43,210.00	42,860.00
Reserve for Proceeds on Sale of Municipal Property		65,885.13	69,785.13
Reserve for Garden State Preservation Trust		7,234.00	7,234.00
Reserve for Consolidated Municipal Property Tax Relief		9,664.00	9,664.00
Reserve for Snow Removal		185,435.51	128,080.76
Reserve for Flood Damage		121.48	121.48
Reserve for Reassessment		937,300.00	-
Reserve for Tax Appeal		576,953.01	-
Reserve for Revision and Codification of Ordinances		4,312.26	4,312.26
		<u>7,460,446.04</u>	<u>3,733,370.66</u>
Reserve for Receivables and Other Assets		6,063,000.30	5,940,906.54
Fund Balance	A-1	<u>2,172,833.70</u>	<u>3,171,417.14</u>
		<u>15,696,280.04</u>	<u>12,845,694.34</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	57,222.60	105,871.90
Appropriated Reserves	A-13	1,025,172.47	904,035.11
Encumbrances Payable		126,175.06	204,987.03
Reserve for Small Cities Revolving Loan Fund		131,107.36	140,961.36
Due to Current Fund		-	105,714.50
		<u>1,339,677.49</u>	<u>1,461,569.90</u>
		<u>\$ 17,035,957.53</u>	<u>\$ 14,307,264.24</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,460,000.00	\$ 2,000,000.00
Miscellaneous Revenue Anticipated		6,194,551.81	5,686,868.56
Receipts from Delinquent Taxes		128,851.99	119,449.74
Receipts from Current Taxes		72,395,001.25	72,749,143.54
Non-Budget Revenue		262,127.72	395,168.86
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		770,287.01	644,733.09
Interfunds Returned		105,714.50	27,451.89
Cancellations of Reserved Balances and Overpayments		-	80,104.06
Accounts Payable Cancelled		6,173.40	-
Cancellation of Grant Balances, net		55,712.05	-
Total Income		<u>82,378,419.73</u>	<u>81,702,919.74</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,526,891.00	8,989,993.44
Other Expenses		8,449,932.00	6,875,996.37
Deferred Charges & Statutory Expenditures		2,585,368.06	2,892,099.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		45,000.00	45,000.00
Other Expenses		1,249,744.80	917,726.79
Capital Improvements		158,000.00	58,000.00
Municipal Debt Service		3,119,095.08	3,064,176.59
Deferred Charges & Statutory Expenditures		640,000.00	240,000.00
County Taxes		12,578,997.37	12,894,585.62
County Added and Omitted Taxes		20,325.40	30,740.70
Local District School Tax		27,929,061.46	27,825,785.96
Regional High School Tax		16,280,598.64	15,798,741.94
Interfund Created		628.96	105,714.50
Refund of Prior Year Revenue		4,940.85	697.56
Cancellation and Refund of Prior Year Taxes		125,000.00	12,286.18
Tax Appeal Refunding Advance, net Tax Reserve		316,093.98	-
Cancellation Adjustments		3,325.57	-
Total Expenditures		<u>82,033,003.17</u>	<u>79,751,544.65</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	Ref.	Year 2012	Year 2011
Excess In Revenue		\$ 345,416.56	\$ 1,951,375.09
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		1,116,000.00	400,000.00
		1,116,000.00	400,000.00
Statutory Excess to Fund Balance		1,461,416.56	2,351,375.09
Fund Balance January 1	A	3,171,417.14	2,820,042.05
		4,632,833.70	5,171,417.14
Decreased by:			
Utilization as Anticipated Revenue		2,460,000.00	2,000,000.00
Fund Balance December 31	A	\$ 2,172,833.70	\$ 3,171,417.14

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,460,000.00	\$ -	\$ 2,460,000.00	\$ -
		2,460,000.00	-	2,460,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		30,000.00		44,244.57	14,244.57
Fees and Permits		130,000.00		146,683.00	16,683.00
Fines and Costs:					
Municipal Court		425,000.00		419,046.60	(5,953.40)
Interest and Costs on Taxes		200,000.00		321,140.14	121,140.14
Planning Board - Special Application Fees		17,200.00		17,971.51	771.51
Fire Safety Rebate		6,000.00		5,712.31	(287.69)
Fire Inspections		35,000.00		30,177.86	(4,822.14)
Road Openings		20,000.00		32,453.00	12,453.00
Cable TV Franchise Fee		23,000.00		26,440.00	3,440.00
Contract - Postal Unit		122,000.00		123,975.76	1,975.76
Hotel Tax		50,000.00		49,263.24	(736.76)
Rental Inspections		375,000.00		471,874.92	96,874.92
Consolidated Municipal Property Tax Relief Aid		75,000.00		83,290.00	8,290.00
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		38,438.00		38,438.00	-
Payments in Lieu of Taxes on Brigantine Wildlife Refuge		2,527,904.00		2,527,904.00	-
Uniform Construction Code Fees		28,000.00		30,475.00	2,475.00
Watershed Moratorium		276,000.00		281,137.00	5,137.00
Garden State Preservation Trust		7,708.00		7,708.00	-
		7,234.00		7,234.00	-

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Recycling Tonnage Grant		\$ 52,050.47	\$	\$ 52,050.47	\$ -
Clean Communities Program		34,654.72	67,172.12	101,826.84	-
Municipal Alliance on Alcoholism and Drug Abuse		21,740.00		21,740.00	-
Drunk Driving Enforcement Program		13,134.88		13,134.88	-
Justice Assistance Grant			10,596.00	10,596.00	-
Sustainable Jersey Grant			10,000.00	10,000.00	-
Body Armor		6,031.83		6,031.83	-
Distracted Driving			2,000.00	2,000.00	-
Emergency Management Assistance		5,000.00		5,000.00	-
Safe and Secure Communities Program		60,000.00	-	60,000.00	-
Community Development Block Grant		278,075.78		278,075.78	-
NJ Transportation Trust Fund Authority Act		200,000.00		200,000.00	-
NJ D.O.T. Bikeway Program Grant		-	175,000.00	175,000.00	-
FEMA-Hazardous Mitigation		-	165,709.00	165,709.00	-
Drive Sober or Get Pulled Over		-	4,400.00	4,400.00	-
Cops in Shops		2,800.00		2,800.00	-
Bulletproof Vest Partnership		4,290.00		4,290.00	-
Other Special Items:					
Atlantic County Dispatch Agreement		17,863.10		17,863.10	-
Mullica Dispatch Agreement		97,500.00		98,865.00	1,365.00
Contribution Richard Stockton College		300,000.00		300,000.00	-
Total Miscellaneous Revenues	A-1	5,486,624.78	434,877.12	6,194,551.81	273,049.91
Receipts from Delinquent Taxes	A-1:A-2	20,000.00		128,851.99	108,851.99

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		\$ 16,322,039.64	\$	\$ 15,428,992.65	\$ (893,046.99)
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>16,322,039.64</u>	<u>-</u>	<u>15,428,992.65</u>	<u>(893,046.99)</u>
Budget Totals		<u>24,288,664.42</u>	<u>434,877.12</u>	<u>24,212,396.45</u>	<u>(511,145.09)</u>
Non-Budget Revenues		<u>24,288,664.42</u>	<u>434,877.12</u>	<u>262,127.72</u>	<u>262,127.72</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
		<u>24,288,664.42</u>	<u>434,877.12</u>	<u>24,474,524.17</u>	<u>(249,017.37)</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	72,395,001.25
Allocated to:		
School, County and Other Taxes		58,031,299.41
Balance for Support of Municipal Budget Appropriations		14,363,701.84
Add: Appropriation		
"Reserve for Uncollected Taxes"		1,065,290.81
Amount for Support of Municipal Budget Appropriations	\$	15,428,992.65

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	9,702.94
Tax Title Lien Collections		119,149.05
	\$	128,851.99

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	\$	1,425.00	
Mercantile License		20,625.00	
Improvement Searches		780.00	
Police Reports		9,518.16	
FEMA Reimbursement		5,906.16	
Sale of Recycling Material		6,718.90	
Sale of Municipal Assets		88,514.02	
Rental - Cell Phone Tower		33,523.67	
Payments in Lieu of Taxes		54,985.35	
Other		20,914.79	
Senior and Vets Administration Fee		7,390.00	
Cancellation of Stale Checks		10,836.67	
Reimbursement of Prior Year Grant		990.00	
	\$	262,127.72	

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration	\$ 111,115.00	\$ 96,115.00	\$ 90,501.78	\$ 5,613.22	\$	
Salaries and Wages	4,864.00	4,864.00	3,743.32	756.25	364.43	
Other Expenses						
Human Resources:						
Other Expenses	25,000.00	25,000.00	11,374.92	13,625.08	-	
Mayor and Council						
Salaries and Wages	36,248.00	36,248.00	35,421.89	826.11		
Other Expenses	11,074.00	11,074.00	6,278.71	978.72	3,816.57	
Municipal Clerk						
Salaries and Wages	79,385.00	79,385.00	76,684.72	2,700.28		
Other Expenses	37,800.00	37,800.00	31,754.18	2,013.49	4,032.33	
Financial Administration						
Salaries and Wages	210,000.00	210,000.00	189,692.64	20,307.36		
Other Expenses	38,686.00	38,686.00	33,088.79	1,585.40	4,011.81	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00	-		
Revenue Administration (Tax Collection)						
Salaries and Wages	70,846.00	65,846.00	58,801.04	7,044.96		
Other Expenses	39,927.00	44,927.00	40,080.70	2,512.49	2,333.81	
Tax Assessment Administration						
Salaries and Wages	173,023.00	173,023.00	160,340.18	12,682.82		
Other Expenses	60,000.00	60,000.00	30,855.10	6,426.40	22,718.50	
Reassessment of Taxes- Special Emergency						
Legal Services						
Other Expenses	200,000.00	200,000.00	132,238.61	33,051.45	34,709.94	
Engineering Services and Costs						
Other Expenses	17,000.00	17,000.00	2,895.59	-	14,104.41	
Municipal Court						
Salaries and Wages	245,532.00	245,532.00	223,324.98	22,207.02		
Other Expenses	29,900.00	29,900.00	26,379.50	1,181.55	2,338.95	
<b>LAND USE ADMINISTRATION:</b>						
Planning Board						
Salaries and Wages	51,000.00	51,000.00	37,956.70	13,043.30		
Other Expenses	14,360.00	14,360.00	7,226.73	6,114.15		
Zoning Board of Adjustment						
Salaries and Wages	33,910.00	33,910.00	33,091.66	818.34		
Other Expenses	3,960.00	3,960.00	2,248.15	470.81	1,241.04	
Code Enforcement and Administration						
Other Code Enforcement Functions	8,000.00	8,000.00	-	125.23	7,874.77	

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
<b>INSURANCE:</b>	\$	170,000.00	\$	86,737.45	\$	83,262.55	\$	
Unemployment Insurance		170,000.00		86,737.45				
Liability Insurance		410,000.00		384,885.04		25,114.96		
Workers' Compensation Insurance		500,000.00		500,000.00		-		
Group Insurance Plan for Employees		2,570,000.00		1,870,747.95		693,252.05		
Health Waivers		50,000.00		49,308.00		6,692.00		
<b>PUBLIC SAFETY:</b>								
Police Department								
Salaries and Wages		5,413,100.00		5,281,130.28		131,969.72		
Other Expenses		327,470.00		192,244.25		63,468.39		
Police Dispatch / 911								
Salaries and Wages		573,450.00		563,669.58		9,780.42		
Other Expenses		37,315.00		14,703.02		20,519.48		
Office of Emergency Management								
Other Expenses		5,000.00		1,268.88		2,423.14		
Aid to Volunteer Fire Companies		150,000.00		150,000.00		-		
Fire Department								
Salaries and Wages		76,325.00		56,552.60		19,772.40		
Other Expenses		441,452.00		426,892.70		26,429.65		
Municipal Prosecutor's Office								
Other Expenses		47,000.00		43,144.00		92.00		
<b>PUBLIC WORKS:</b>								
Streets and Road Maintenance								
Salaries and Wages		457,339.00		443,911.29		13,427.71		
Other Expenses		100,150.00		55,072.46		15,893.77		
Other Public Works Functions								
Salaries and Wages		147,905.00		124,576.72		23,328.28		
Other Expenses		24,285.00		14,709.67		7,361.31		
Solid Waste Collection								
Salaries and Wages		218,568.00		174,546.15		44,021.85		
Other Expenses		31,523.00		16,574.92		6,195.50		
Building and Grounds								
Salaries and Wages		182,247.00		151,012.66		31,234.34		
Other Expenses		87,500.00		43,759.88		23,638.42		
Emergency Authorization - Hurricane Sandy								
Vehicle Maintenance								
Other Expenses		690,000.00		610,400.97		79,599.03		
Community Services Act		25,000.00		20,589.64		4,410.36		

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
<b>HEALTH AND HUMAN SERVICES:</b>								
Environmental Health Services	3,000.00	\$	3,000.00	340.00	\$		2,660.00	\$
Administration of Public Welfare	14,375.00		14,375.00	14,342.58			32.42	
Salaries and Wages	1,340.00		1,340.00	1,161.92			178.08	
Other Expenses								
<b>PARKS AND RECREATION:</b>								
Recreation Services and Programs								
Salaries and Wages	30,843.00		30,843.00	26,309.13			4,533.87	
Other Expenses	73,015.00		73,015.00	56,043.93		3,664.27	13,306.80	
Senior Services								
Salaries and Wages	102,321.00		102,321.00	101,222.57			1,098.43	
Other Expenses	12,881.00		12,881.00	8,659.66			4,221.34	
Maintenance of Parks								
Other Expenses	24,289.00		24,289.00	20,502.25		3,121.07	665.68	
<b>OTHER COMMON OPERATING FUNCTIONS:</b>								
Accumulated Leave Compensation	175,000.00		175,000.00	175,000.00			-	
Celebration of Public Events								
Salaries and Wages	13,016.00		13,016.00	13,016.00			-	
Other Expenses	10,000.00		10,000.00	9,150.57		180.41	669.02	
Community Education								
Salaries and Wages	49,978.00		49,978.00	26,303.80			23,674.20	
Other Expenses	18,895.00		18,895.00	10,253.23			8,641.77	
<b>UNIFORM CONSTRUCTION CODE:</b>								
State Uniform Construction Code								
Code Enforcement & Administration	256,365.00		256,365.00	245,075.41			11,289.59	
Salaries and Wages	19,946.00		19,946.00	13,636.18		1,094.80	5,215.02	
Other Expenses								

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>							
Electric	\$ 170,000.00	\$	160,000.00	\$ 117,852.48	\$ 15,592.42	\$ 26,555.10	
Street Lighting	142,000.00		142,000.00	113,823.34	8,090.58	20,086.08	
Telephone	65,000.00		65,000.00	46,302.95	928.49	17,768.56	
Gas	32,500.00		27,500.00	17,792.15	2,967.38	6,740.47	
Gasoline	347,000.00		327,000.00	257,309.35	69,690.65	-	
Landfill / Solid Waste Disposal Costs							
Other Expenses	36,800.00		36,800.00	24,928.00	2,572.00	9,300.00	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>15,860,823.00</b>		<b>16,976,823.00</b>	<b>14,947,569.88</b>	<b>456,244.36</b>	<b>1,573,008.76</b>	<b>-</b>
Contingent							
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>15,860,823.00</b>		<b>16,976,823.00</b>	<b>14,947,569.88</b>	<b>456,244.36</b>	<b>1,573,008.76</b>	<b>-</b>
Detail:							
Salaries and Wages	8,546,891.00		8,526,891.00	8,127,484.36	-	399,406.64	
Other Expenses	7,313,932.00		8,449,932.00	6,820,085.52	456,244.36	1,173,602.12	
<b>DEFERRED CHARGES:</b>							
Prior Year Bills	5,296.06		5,296.06	5,296.06	-	-	
<b>STATUTORY EXPENDITURES:</b>							
Contributions to:							
Social Security System (O.A.S.I.)	700,000.00		700,000.00	625,595.50		74,404.50	
Public Employees Retirement System of N.J.	438,221.00		438,221.00	438,221.00		-	
Police and Firemen's Retirement System of N.J.	1,431,851.00		1,431,851.00	1,431,851.00		-	
Defined Contribution Retirement Program	10,000.00		10,000.00	8,994.67		1,005.33	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<b>2,585,368.06</b>		<b>2,585,368.06</b>	<b>2,509,958.23</b>	<b>-</b>	<b>75,409.83</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>18,446,191.06</b>		<b>19,562,191.06</b>	<b>17,457,528.11</b>	<b>456,244.36</b>	<b>1,648,418.59</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>							
Length of Service Award Program - Fire	131,655.00		131,655.00	123,246.00		8,409.00	
Rental Inspections							
Salaries and Wages	45,000.00		45,000.00	44,999.98		0.02	
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>176,655.00</b>		<b>176,655.00</b>	<b>168,245.98</b>	<b>-</b>	<b>8,409.02</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET</b>					
<b>BY REVENUES</b>	\$	\$	\$	\$	\$
Reserve for Body Armor Fund	6,031.83	6,031.83	6,031.83		
Recycling Tonnage Grant	52,050.47	52,050.47	52,050.47		
Clean Communities Grant	34,654.72	101,826.84	101,826.84		
Drive Sober or Get Pulled Over	-	4,400.00	4,400.00		
Municipal Alliance on Alcoholism & Drug Abuse	27,175.00	27,175.00	27,175.00		
Drunk Driving Enforcement Program	13,134.88	13,134.88	13,134.88		
Safe and Secure Program	60,000.00	60,000.00	60,000.00		
Emergency Management Assistance	5,000.00	5,000.00	5,000.00		
Justic Assistance Grant	-	10,596.00	10,596.00		
Sustainable Jersey Grant	-	10,000.00	10,000.00		
FEMA-Hazardous Mitigation	-	165,709.00	165,709.00		
Distracted Driving	-	2,000.00	2,000.00		
NJ D.O.T. Bikeway Program Grant	-	175,000.00	175,000.00		
Community Development Block Grant	278,075.78	278,075.78	278,075.78		
NJ Transportation Trust Fund	200,000.00	200,000.00	200,000.00		
Bulletproof Vest Partnership	4,290.00	4,290.00	4,290.00		
Cops in Shops	2,800.00	2,800.00	2,800.00		
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS</b>	<b>683,212.68</b>	<b>1,118,089.80</b>	<b>1,118,089.80</b>	<b>-</b>	<b>-</b>
<b>OFFSET BY REVENUES</b>	<b>859,867.68</b>	<b>1,294,744.80</b>	<b>1,286,335.78</b>	<b>8,409.02</b>	<b>-</b>
Detail:					
Salaries and Wages	170,185.35	170,185.35	44,999.98	-	-
Other Expenses	689,682.33	1,124,559.45	1,241,335.80	-	-
<b>CAPITAL IMPROVEMENTS</b>	<b>158,000.00</b>	<b>158,000.00</b>	<b>158,000.00</b>	<b>-</b>	<b>-</b>
Capital Improvement Fund	158,000.00	158,000.00	158,000.00	-	-
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>158,000.00</b>	<b>158,000.00</b>	<b>158,000.00</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<b>DEBT SERVICE</b>					
Payment of Bond Principal	\$ 2,425,000.00	\$ 2,425,000.00	\$ 2,425,000.00	\$ -	\$ -
Interest on Bonds	678,388.96	678,388.96	678,388.96	-	-
Green Trust Loan Program:					
Loan Repayments for Principal & Interest	12,773.26	12,773.26	12,773.26	-	-
NJFIT Principal & Interest	3,152.65	3,152.65	2,932.86	-	219.79
<b>TOTAL DEBT SERVICE</b>	<u>3,119,314.87</u>	<u>3,119,314.87</u>	<u>3,119,095.08</u>	<u>-</u>	<u>219.79</u>
<b>DEFERRED CHARGES:</b>					
Special Emergency Authorization - 5 years	240,000.00	240,000.00	240,000.00	-	-
Emergency- Group Insurance	400,000.00	400,000.00	400,000.00	-	-
<b>TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>	<u>640,000.00</u>	<u>640,000.00</u>	<u>640,000.00</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<u>4,777,182.55</u>	<u>5,212,059.67</u>	<u>5,203,430.86</u>	<u>-</u>	<u>219.79</u>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<u>23,223,373.61</u>	<u>24,774,250.73</u>	<u>22,660,958.97</u>	<u>456,244.36</u>	<u>219.79</u>
Reserve for Uncollected Taxes	1,065,290.81	1,065,290.81	1,065,290.81	-	-
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 24,288,664.42</u>	<u>\$ 25,839,541.54</u>	<u>\$ 23,726,249.78</u>	<u>\$ 456,244.36</u>	<u>\$ 219.79</u>
Adopted Budget	\$ 24,288,664.42				
Special Emergency	950,000.00				
Emergency Authorization	166,000.00				
Added Appropriations NJSA 40A:4-87	434,877.12				
	<u>\$ 25,839,541.54</u>				
	\$ 19,895,514.42	Cash Disbursed			
	1,118,089.80	Grants			
	1,065,290.81	Reserve for Uncollected Taxes			
	57,354.75	Increase in Reserve for Snow Removal			
	640,000.00	Deferred Charges			
	950,000.00	Reserve for Reassessment-Special Emergency			
	<u>\$ 23,726,249.78</u>				

**EXHIBIT - B  
TRUST FUND**

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
<u>Assessment Fund</u>			
Cash and Investments	B-2, B-5	\$ 993,587.12	\$ 804,692.35
Due from Current Fund		-	1,602.27
Assessments Receivable		366,890.25	384,508.25
Assessment Liens Receivable		<u>2,377.50</u>	<u>2,632.12</u>
		<u>1,362,854.87</u>	<u>1,193,434.99</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	7,849.94	7,203.24
		<u>7,849.94</u>	<u>7,203.24</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-2	4,897,370.12	5,093,824.36
Cash and Investments - Collector	B-3	627,413.58	315,960.90
Due from Taxpayer		855.55	855.55
Due from Current Fund - Inspection Escrow		144.88	-
Due from Current Fund- Tax Collector Special		100.00	75.00
Due from Current Fund- P.O.A.A Trust		12.00	-
Due from Current Fund- Special Law Enforcement		-	7,849.55
Due from Current Fund- Public Defender Trust		<u>3,966.00</u>	<u>3,966.00</u>
		<u>5,529,862.13</u>	<u>5,422,531.36</u>
		<u>\$ 6,900,566.94</u>	<u>\$ 6,623,169.59</u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assessment Fund</u>			
Reserve for Assessments and Liens	B-5	\$ 369,267.75	\$ 1,184,990.63
Due to Current Fund:		555.01	-
Due to Sewer Operating Fund		-	1,040.79
Due to General Capital Fund		951,671.33	-
Water Assessment Overpayments		-	9.50
Deposits on Future Assessments		-	7,377.67
Due to Bank		-	16.40
Fund Balance		<u>41,360.78</u>	<u>-</u>
		<u>1,362,854.87</u>	<u>1,193,434.99</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-7	7,829.54	7,202.04
Due to State of New Jersey	B-8	20.40	1.20
		<u>7,849.94</u>	<u>7,203.24</u>
<u>Other Funds</u>			
Due to Current Fund:			
Community Events		73.95	-
Due to Bank		20.00	19.51
Funds Held in Escrow - Inspection Fees		2,200,977.59	2,379,321.85
Premiums Received at Tax Sales		544,350.00	313,950.00
Deposits for Redemption of Tax Sale Certificates		84,019.13	2,941.45
Funds Held in Escrow - Developer Fees		98,229.37	137,227.08
Payroll Deductions and Taxes Payable		90,612.10	75,204.68
Reserves for:			
Community Events		151,414.55	168,498.81
Compensated Absences		62,029.84	12,055.72
General Liability Insurance		180,569.49	3,730.12
Health Insurance Trust Fund		-	4,404.61
Housing Trust Fund		923,739.23	1,130,432.39
Landfill Closure		585,137.74	584,199.29
Media Relations		1,384.76	1,383.15
Parking Offenses Adjudication Act		5,082.01	5,050.15
Police Special Detail		47,583.48	36,259.69
Public Defender Fees		22,053.60	23,419.42
Special Law Enforcement Fund		75,751.58	66,270.04
Unemployment Compensation Insurance		6,195.04	44,609.01
Uniform Fire Safety		1,932.66	1,780.44
Utility Escrow Deposits		395,531.26	412,043.27
Workers Compensation		53,174.75	19,730.68
		<u>5,529,862.13</u>	<u>5,422,531.36</u>
		<u>\$ 6,900,566.94</u>	<u>\$ 6,623,169.59</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ 3,403,152.28	\$ 3,972,084.75
Prospective Assessments Raised by Taxation	C-4	-	15,500.00
Deferred Charges to Future Taxation:			
Funded	C-6	19,348,143.29	21,721,510.39
Unfunded	C-7	3,354,027.21	8,522,809.94
Due from Trust Assessment Fund		951,671.33	-
State Aid Receivable		-	176,168.00
Due from NJEIT		8,296.00	111,951.00
State Aid Receivable - New Jersey			
Transportation Trust Fund		-	250,217.79
Due from Bank		-	2.40
		<u>\$ 27,065,290.11</u>	<u>\$ 34,770,244.27</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-9	\$ 19,155,000.00	\$ 21,515,000.00
Green Trust Loan Payable	C-9A	101,253.15	111,842.25
NJEIT Loan Payable	C-9B	109,173.00	111,951.00
Bond Anticipation Notes Payable	C-10	1,470,000.00	-
Improvement Authorizations:			
Funded	C-8	3,647,320.31	4,301,523.20
Unfunded	C-8	1,354,995.26	7,205,616.87
Contracts Payable		314,108.73	962,208.17
Due to County		81,250.00	-
Reserve for Purchase of Fire Truck		5,825.00	5,825.00
Reserve for Preliminary Expenses		500.00	500.00
Reserve for Prospective Assessments			
Raised by Taxation		-	15,500.00
Reserve for Premium on Bond Anticipation Note		72,057.65	64,095.85
Reserve for Premium on Bond Sale		257,896.40	257,896.40
Capital Improvement Fund	C-5	221,284.93	63,284.93
Fund Balance	C-1	274,625.68	155,000.60
		<u>\$ 27,065,290.11</u>	<u>\$ 34,770,244.27</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> C		\$	155,000.60
Increased By:				
Funded Improvement Authorizations Canceled		\$ 200,877.48		
				200,877.48
				355,878.08
Decreased By:				
Cancel Due from Bank		2.40		
Due to Atlantic County - Ordinance 1507		81,250.00		
				81,252.40
Balance December 31, 2012	C		\$	274,625.68

**EXHIBIT - D**  
**SEWER UTILITY FUND**

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 1,580,610.81	\$ 1,538,844.04
Due from Current		7,395.06	1,869.13
Due from Special Trust Assessment Fund		-	1,040.79
		<u>1,588,005.87</u>	<u>1,541,753.96</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	18,758.52	6,301.47
Utility Liens Receivable	D-8	9,737.68	12,348.27
Due from Bank		-	13.98
		<u>28,496.20</u>	<u>18,663.72</u>
 Total Operating Fund		 <u>1,616,502.07</u>	 <u>1,560,417.68</u>
 Capital Fund:			
Cash and Investments	D-5, D-6	2,656,131.71	2,489,012.45
Due from State - N.J. E.I.T. Funding		132,239.00	1,107,942.00
Fixed Capital:			
Completed	D-9	32,550,559.70	26,849,151.26
Authorized and Uncompleted		9,078,058.00	14,825,240.44
 Total Capital Fund		 <u>44,416,988.41</u>	 <u>45,271,346.15</u>
		<u>\$ 46,033,490.48</u>	<u>\$ 46,831,763.83</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 250,277.14	\$ 114,046.08
Encumbrances Payable	D-4	41,719.38	31,428.03
Accrued Interest on Bonds and Notes	D-12	63,681.09	69,326.60
Prepaid Sewer Rents and Connection Fees		-	1,755.00
Sewer Rent Overpayments		22,219.61	18,445.77
Reserve for Maintenance of Pump Station		3,167.00	3,167.00
Reserve for Payment of Bonds		4,800.00	4,800.00
Reserve for EPA Funds		14,765.00	14,765.00
		<u>400,629.22</u>	<u>257,733.48</u>
Reserve for Receivables	D	28,496.20	18,663.72
Fund Balance	D-1	<u>1,187,376.65</u>	<u>1,284,020.48</u>
Total Operating Fund		<u>1,616,502.07</u>	<u>1,560,417.68</u>
Capital Fund:			
Serial Bonds Payable	D-14	9,235,000.00	10,445,000.00
N.J. E.I.T. Loans Payable	D-15	1,415,344.79	1,968,713.43
Contracts Payable		37,940.69	369,616.34
Improvement Authorizations:			
Funded	D-13	2,221,669.81	3,217,886.39
Unfunded	D-13	2,459,441.41	2,472,362.11
Reserve for Payment of Bonds and Notes		10,270.51	10,270.51
Reserve for Premium on Bond Sale		66,093.00	66,093.00
Reserve for Amortization		26,605,742.33	24,043,334.29
Deferred Reserve for Amortization		1,115,283.00	2,420,990.40
Capital Improvement Fund	D-11	257,568.25	245,068.25
Fund Balance	D-2	992,634.62	12,011.43
Total Capital Fund		<u>44,416,988.41</u>	<u>45,271,346.15</u>
		<u>\$ 46,033,490.48</u>	<u>\$ 46,831,763.83</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	600,000.00	\$ 495,000.00
Sewer Rents		5,994,947.30	5,583,602.11
Miscellaneous		96,931.73	160,224.12
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		115,403.81	96,563.29
<b>Total Income</b>		<b><u>6,807,282.84</u></b>	<b><u>6,335,389.52</u></b>
Expenditures:			
Operations:			
Salaries and Wages		1,070,000.00	1,091,288.00
Other Expenses		3,345,589.00	3,333,499.00
Capital Improvements		12,500.00	12,500.00
Debt Service		1,703,789.97	1,461,817.73
Deferred Charges and Statutory Expenditures		168,334.00	161,450.00
Other Charges to Income:			
Refund of Prior Year Revenue		3,713.70	-
<b>Total Expenditures</b>		<b><u>6,303,926.67</u></b>	<b><u>6,060,554.73</u></b>
Excess (Deficit) in Revenue		503,356.17	274,834.79
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>503,356.17</u>	<u>274,834.79</u>
Fund Balance January 1	D	<u>1,284,020.48</u>	<u>1,504,185.69</u>
		1,787,376.65	1,779,020.48
Decreased By:			
Utilization as Anticipated Revenue		<u>600,000.00</u>	<u>495,000.00</u>
Balance December 31	D	<b><u>\$ 1,187,376.65</u></b>	<b><u>\$ 1,284,020.48</u></b>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> D		\$	12,011.43
Increased By:				
Funded Improvement Authorizations Cancelled		\$ 980,623.19		
				980,623.19
				992,634.62
Decreased By:				
None		-		
		-		-
Balance December 31, 2012	D		\$	992,634.62

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 600,000.00	\$ 600,000.00	\$ -
Anticipated Revenue:			
Sewer Rents	5,581,000.00	5,994,947.30	413,947.30
Miscellaneous	128,923.00	96,931.73	(31,991.27)
	<u>5,709,923.00</u>	<u>6,091,879.03</u>	<u>381,956.03</u>
Total Revenue	<u>\$ 6,309,923.00</u>	<u>\$ 6,691,879.03</u>	<u>\$ 381,956.03</u>

Analysis of Realized Revenue:

Sewer Rents

Consumer Accounts Receivable	\$ 5,987,414.64	
Lien Accounts Receivable	<u>7,532.66</u>	
Total Sewer Rents		<u>\$ 5,994,947.30</u>

Miscellaneous Revenues

Permits to Connect	\$ 56,740.00	
Interest on Investments	6,036.74	
Penalties	33,868.86	
House Connections	240.00	
Other Miscellaneous	<u>46.13</u>	
Total Miscellaneous Revenues		<u>\$ 96,931.73</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 1,070,000.00	\$ 1,070,000.00	\$ 866,749.85	\$ 203,250.15	\$ -
Other Expenses	3,345,589.00	3,345,589.00	3,314,959.30	30,629.70	-
	4,415,589.00	4,415,589.00	4,181,709.15	233,879.85	-
Capital Improvements:					
Capital Improvement Fund	12,500.00	12,500.00	12,500.00	-	-
	12,500.00	12,500.00	12,500.00	-	-
Debt Service:					
Payment of Bond Principal	1,220,000.00	1,220,000.00	1,220,000.00	-	-
Interest on Bonds	350,000.00	350,000.00	350,000.00	-	-
NJEIT Interest and Principal Payments	143,500.00	143,500.00	133,789.97	-	9,710.03
	1,713,500.00	1,713,500.00	1,703,789.97	-	9,710.03
Deferred Charges and Statutory Expenditures:					
Public Employees Retirement System	77,334.00	77,334.00	77,333.00	1.00	-
Social Security System (O.A.S.I.)	85,000.00	85,000.00	68,603.71	16,396.29	-
Unemployment Compensation Insurance	6,000.00	6,000.00	6,000.00	-	-
	168,334.00	168,334.00	151,936.71	16,397.29	-
	\$ 6,309,923.00	\$ 6,309,923.00	\$ 6,049,935.83	\$ 250,277.14	\$ 9,710.03
Ref.	D			D	
			\$ 5,524,426.48	Disbursed	
			483,789.97	Interest on Bonds	
			41,719.38	Encumbered	
			<u>6,049,935.83</u>		

See Accompanying Notes to Financial Statements - Regulatory Basis

**EXHIBIT - E**  
**PUBLIC ASSISTANCE TRUST FUND**

**TOWNSHIP OF GALLOWAY**  
**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Cash Trust I	D-1	\$ 12,110.44	\$ 12,096.40
Cash Trust II	D-1	18,718.63	18,696.97
		<u>\$ 30,829.07</u>	<u>\$ 30,793.37</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance Trust I		\$ 12,110.44	\$ 12,096.40
Reserve for Public Assistance Trust II		18,718.63	18,696.97
		<u>\$ 30,829.07</u>	<u>\$ 30,793.37</u>

**EXHIBIT - F**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

**TOWNSHIP OF GALLOWAY**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets:		
Land	\$ 1,717,624.00	\$ 1,498,200.00
Buildings and Improvements	3,347,172.00	2,688,900.00
Machinery and Equipment	<u>13,580,790.70</u>	<u>17,231,489.99</u>
Total General Fixed Assets	<u>\$ 18,645,586.70</u>	<u>\$ 21,418,589.99</u>
Investment in General Fixed Assets	<u>\$ 18,645,586.70</u>	<u>\$ 21,418,589.99</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Township of Galloway have been prepared in conformity with the regulatory basis of Accounting as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the Township's accounting policies are described below.

**Description of Financial Reporting Entity**

The Township of Galloway is one of the oldest municipalities in the State of New Jersey, having predated the Declaration of Independence. The original Galloway Township was established by Royal Decree on April 4, 1774. It now consists of 92.3 square miles situated approximately seven miles west of Atlantic City along Route 30. The Township is essentially a semi-rural and residential community with some important industrial and institutional facilities. The Garden State Parkway and U.S. Route 30, which pass directly through the Township, are rapid transportation access corridors to Atlantic City from Philadelphia, New York and Washington. The Township is governed under a Council Manager Plan E form of government with seven councilpersons elected for staggered terms. The population, according to the 2010 census, is 37,364.

**Basis of Presentation, Fund Accounting**

The financial statements of the Township of Galloway contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Galloway accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

**Current Fund**

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant funds.

**Trust Funds**

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Capital Fund**

The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

**Sewer Utility Operating and Capital Funds**

The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

**Public Assistance Fund**

The Public Assistance Fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. Effective February 2, 1998, the administration of the Township's public assistance program had been transferred to the Atlantic County Division of Economic Assistance.

**Budgets and Budgetary Accounting**

The Township of Galloway must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

**Cash and Investments**

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1(a) provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Township of Galloway requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments (Continued)**

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

All certificates of deposit are recorded as cash regardless of date of maturity.

**Interfunds**

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies**

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

**General Fixed Assets**

Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, differs in certain respects from GAAP. Fixed assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. The Township used a threshold of \$1,000 for the recording of fixed assets. Beginning on March 1, 2012, the Township increased their threshold to \$5,000 per resolution.

No depreciation on general fixed assets is recorded in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants-in-aid, or contributed capital, have not been accounted for separately.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreclosed Property**

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

**Deferred Charges**

The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Appropriation Reserves**

Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

**Liens Sold for Other Governmental Units**

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance**

Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future budgets, with certain restrictions.

**Revenues**

Revenues are recorded as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the Township's budget. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1<sup>st</sup> of the year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**School Taxes**

The Township is responsible for levying, collecting and remitting school taxes for the Galloway Township Board of Education and the Township's share of the Greater Egg Harbor Regional High School District. Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2011, and decreased by the amount deferred at December 31, 2012. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31<sup>st</sup> for the last two years.

	December 31, 2012	December 31, 2011
Balance of Tax	\$ 8,140,299.32	\$ 7,899,375.44
Less: Regional High School Tax Deferred	6,400,000.00	6,400,000.00
Local School Tax Payable	-	4.50
Regional High School Tax Payable	\$ 1,740,299.32	\$ 1,499,370.94

**County Taxes**

The Township is responsible for levying, collecting and remitting county taxes for the County of Atlantic. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, fund balance is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reserve for Uncollected Taxes**

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of the reserve, determined by the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

**Expenditures**

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31<sup>st</sup> are recorded as a cash liability. Appropriations for principal payments on outstanding general capital fund bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

**Compensated Absences and Post-Employment Benefits**

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a "pay as you go" basis. Likewise no accrual is made for post employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 20,835,426.15	\$ 21,738,793.25	\$ 21,507,223.00
Sewer Utility:			
Bonds and Notes	11,106,903.79	12,413,713.43	13,088,923.00
Total Issued	<u>31,942,329.94</u>	<u>34,152,506.68</u>	<u>34,596,146.00</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	347,236.91	339,275.11	81,378.71
Self-Liquidating Debt	76,363.51	94,057.93	27,964.93
Total Deductions	<u>423,600.42</u>	<u>433,333.04</u>	<u>109,343.64</u>
Net Debt Issued	<u>31,518,729.52</u>	<u>33,719,173.64</u>	<u>34,486,802.36</u>
<u>Authorized but not issued</u>			
Bonds and Notes:			
General	1,884,027.21	8,522,809.94	10,363,168.00
Sewer	3,274,942.00	2,640,102.00	7,609,554.00
Total Authorized but not Issued	5,158,969.21	11,162,911.94	17,972,722.00
Net Bonds and Notes Issued, and Authorized but not Issued	<u>\$ 36,677,698.73</u>	<u>\$ 44,882,085.58</u>	<u>\$ 52,459,524.36</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .655%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 7,593,000.00	\$ 7,593,000.00	\$ -
Regional School Debt	22,346,724.60	22,346,724.60	-
Sewer Utility	13,747,005.79	13,747,005.79	-
General Debt	22,719,453.36	347,236.91	22,372,216.45
	<u>\$ 66,406,183.75</u>	<u>\$ 44,033,967.30</u>	<u>\$ 22,372,216.45</u>

Net Debt \$22,372,216.45 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,416,145,063 = .655%.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended:**

3-1/2% of Equalized Valuation Basis	\$	119,565,077.21
Net Debt		22,372,216.45
Remaining Borrowing Power	\$	97,192,860.76

The foregoing debt information was amended from the Annual Debt Statement filed by the chief financial officer.

**Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45:**

Cash Receipts from Fees, Rents or Other Charges for the Year	\$	6,691,879.03
Deductions:		
Operating & Maintenance Costs	\$	4,583,923.00
Debt Service		1,703,789.97
Total Deductions		6,287,712.97
Excess in Revenue	\$	404,166.06

**Description of Bonds and Loans Payable**

At December 31, 2012, bonds and loans payable in the **General Capital Fund** consisted of the following individual issues:

\$4,355,000 Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2012, bearing interest at various rates. The remaining balance of \$700,000 was paid off in 2011.

\$3,845,000 Refunding Bonds dated December 1, 2002, due in annual installments through December 1, 2017, bearing interest at various rates. In 2011, \$1,495,000 of the principal balances from 2013-2017 were refunded. The balance remaining was paid off in 2012 and as of December 31, 2012 is \$0.

\$10,400,000 General Improvement Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at various rates from 3.50% to 4.250%. In 2012, \$4,200,000 was reduced per refunding bonds. The balance remaining as of December 31, 2012 is \$1,800,000.00.

\$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$1,185,000.00.

\$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at various rates from 2.00% to 3.00%. The balance remaining as of December 31, 2012 is \$10,350,000.00.

\$1,595,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at various rates from 1.00%-2.00%. The balance remaining as of December 31, 2012 is \$1,555,000.00.

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

\$4,265,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2013 through December 1, 2019 bearing interest at various rates from 2.00%-3.00%. The balance remaining as of December 31, 2012 is \$4,265,000.00.

\$18,475 Green Trust Loan dated 1989, due in semi-annual installments through September 8, 2013, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2012, is \$1,131.85.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2012, is \$100,121.30.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1<sup>st</sup>, through 2031. The balance remaining as of December 31, 2012, is \$104,173.00.

At December 31, 2012, bonds and loans payable in the *Sewer Capital Fund* consisted of the following individual issues:

\$3,790,000 Sewer Utility Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2016, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$1,275,000.00.

\$2,960,000 Sewer Utility Bonds dated December 1, 2002, due in annual installments through September 1, 2015, bearing interest at various rates. In 2011, \$1,210,000 of the balance was refunded. The balance remaining as of December 31, 2012 is \$0.

\$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at various rates from 3.50% to 4.250%. In 2012, \$550,000 was reduced per refunding bonds. The balance remaining as of December 31, 2012 is \$200,000.00.

\$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$3,010,000.00.

\$3,100,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at various rates from 2.00% to 3.00%. The balance remaining as of December 31, 2011 is \$2,930,000.00.

\$1,295,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at various rates from 1.00%-2.00%. The balance remaining as of December 31, 2012 is \$1,260,000.00.

\$4,265,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2013 through December 1, 2019 bearing interest at various rates from 2.00%-3.00%. The balance remaining as of December 31, 2012 is \$4,265,000.00.

\$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2012 through August 1, 2039, and bearing interest at various rates from 3.00% to 5.00%. The balance remaining as of December 31, 2012 is \$140,000.00.

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

\$444,817 N.J. Environmental Infrastructure Fund Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2029, and bearing an interest rate of 0.00%. The Township received a \$233,052 reduction in the loan in 2011. The balance remaining as of December 31, 2012 is \$151,450.84.

\$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 5.00%. The loan was subsequently reduced \$200,000. The balance remaining as of December 31, 2012 is \$585,000.00.

\$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 0.00%. The loan was subsequently reduced \$256,559. The balance remaining as of December 31, 2012 is \$538,893.95.

**Changes in Long-Term Debt**

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding 12/31/11</u>	<u>Issues or Additions</u>	<u>Payments or Reductions</u>	<u>Outstanding 12/31/12</u>
General Capital Fund:				
Bonds Payable	\$ 21,515,000.00	\$ 4,265,000.00	\$ 6,625,000.00	\$ 19,155,000.00
Loans Payable	223,793.25	-	13,367.10	210,426.15
Total General Capital Fund	<u>21,738,793.25</u>	<u>4,265,000.00</u>	<u>6,638,367.10</u>	<u>19,365,426.15</u>
Sewer Utility Capital Fund:				
Bonds Payable	10,445,000.00	560,000.00	1,770,000.00	9,235,000.00
Loans Payable	1,968,713.43	-	553,368.64	1,415,344.79
Total Sewer Utility Capital Fund	<u>12,413,713.43</u>	<u>560,000.00</u>	<u>2,323,368.64</u>	<u>10,650,344.79</u>
Total - All Funds	<u>\$ 34,152,506.68</u>	<u>\$ 4,825,000.00</u>	<u>\$ 8,961,735.74</u>	<u>\$ 30,015,770.94</u>

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding**

Year Ending December 31	General Capital Fund		Sewer Utility Capital Fund	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,555,000.00	\$ 538,904.44	\$ 1,325,000.00	\$ 301,755.29
2014	2,590,000.00	466,262.50	1,325,000.00	259,431.26
2015	2,035,000.00	376,337.50	1,385,000.00	212,281.26
2016	2,065,000.00	337,187.50	1,390,000.00	167,512.50
2017	2,090,000.00	284,062.50	1,110,000.00	120,225.00
2018-2022	7,120,000.00	671,250.00	2,360,000.00	221,150.00
2023-2026	700,000.00	21,000.00	340,000.00	10,200.00
	<u>\$ 19,155,000.00</u>	<u>\$ 2,695,004.44</u>	<u>\$ 9,235,000.00</u>	<u>\$ 1,292,555.31</u>

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Schedule of Annual Debt Service for Principal and Interest for Green Trust and NJEIT Loans**

Year Ending December 31	General Capital Green Trust		General Capital NJEIT	
	Principal	Interest	Principal	Interest
2013	\$ 10,801.94	\$ 1,971.32	5,505.00	\$ 513.66
2014	9,864.49	1,759.94	5,508.00	488.32
2015	10,062.76	1,561.67	5,512.00	483.62
2016	10,265.03	1,359.41	5,519.00	474.16
2017	10,471.35	1,153.08	5,527.00	469.18
2018-2022	49,787.58	2,522.41	27,863.00	2,116.78
2023-2027	-	-	28,539.00	1,440.34
2028-2031	-	-	25,200.00	373.00
	<u>\$ 101,253.15</u>	<u>\$ 10,327.83</u>	<u>109,173.00</u>	<u>\$ 6,359.06</u>

**Schedule of Annual Debt Service for Principal and Interest for N.J Environmental Infrastructure Loans**

Year Ending December 31	Sewer Capital	
	Principal	Interest
2013	\$ 101,809.64	\$ 40,100.00
2014	101,809.64	33,350.00
2015	101,809.64	31,600.00
2016	101,809.64	29,850.00
2017	106,809.64	28,100.00
2018-2022	499,320.94	108,750.00
2023-2027	381,975.65	44,550.00
2028-2031	20,000.00	1,200.00
	<u>\$ 1,415,344.79</u>	<u>\$ 317,500.00</u>

**Note 3: SHORT-TERM FINANCING**

Short-term debt provides for financing of governmental activities and capital projects. On December 20, 2012, the Township issued Bond Anticipation Notes in the amount of \$2,420,000.00 to finance various General Capital projects and a Current Fund Special Emergency related to the Township reassessment.

The following is a summary of changes in short-term debt for the year ended December 31, 2012:

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2011	\$ -	\$ -	\$ -	\$ -
Increases	950,000.00	1,470,000.00	-	2,420,000.00
Decreases	-	-	-	-
Balance December 31, 2012	<u>\$ 950,000.00</u>	<u>\$ 1,470,000.00</u>	<u>\$ -</u>	<u>\$ 2,420,000.00</u>

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 4: COMPENSATED ABSENCES**

The Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of \$10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was \$62,029.84 at December 31, 2012, and \$12,055.72 at December 31, 2011. It is estimated that accrued benefits for compensated absences are valued at \$2,903,180.32 and \$1,162,290.02 at December 31, 2012 and December 31, 2011, respectively. The increase was contributed to not including "caps" on sick time as directed to the CFO by the State of N.J, which was included for 2011.

**Note 5: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the Township amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (Township of Galloway) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose.

The Plan is administered by the following service organizations:

Great-West Life & Annuity Insurance Company  
Equitable

**Note 6: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2012		Balance December 31, 2011
	<u>                    </u>		<u>                    </u>
Prepaid Taxes - Cash Liability	\$ 602,118.03	\$	668,304.55
	<u>                    </u>		<u>                    </u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 7: PENSION PLANS**

**Plan Descriptions**

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2010. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 7: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions (Continued)**

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 6.5% of base salary through September 30, 2012 and 6.6% thereafter. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 10% of base salary.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were 7 employees enrolled in the DCRP for the year ended December 31, 2012.

For the Public Employees' Retirement System, the Township's required contribution was \$515,554.00 for 2012 and \$516,317.00 for 2011.

<u>Funding Year Ended</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>
12/31/12	\$ 515,554.00	100%	\$ 515,554.00
12/31/11	516,317.00	100%	516,317.00
12/31/10	432,400.00	100%	432,400.00

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 7: PENSION PLANS (Continued)**

**Funding Policy (Continued)**

For the Police and Firemen's Retirement System, the Township's required contribution was \$1,431,851.00 for 2012 and \$1,753,232.00 for 2011.

Three-Year Trend Information for PFRS					
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
12/30/12	\$ 1,431,851.00	100%	\$ 1,431,851.00		
12/31/11	1,753,232.00	100%	1,753,232.00		
12/31/10	1,452,202.00	100%	1,452,202.00		

**Note 8: DEPOSITS AND INVESTMENTS**

**Deposits**

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Township's name by several commercial banking institutions. At December 31, 2012, the carrying amount of the Township's deposits was \$22,547,128.81 and the bank balance was \$23,129,942.28. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation, \$22,879,942.28 was insured under the Governmental Unit Deposit Protection Act (GUDPA), and \$0.00 was uninsured.

Township's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Township would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The Township does not have a policy for custodial credit risk.

**Investments**

At December 31, 2012, the Township had the following investment in the Sewer Utility Operating Fund:

Investment	Face Amount	Carrying Amount	Investment Maturities (in years)		
			Less than 1	1 - 5	6 - 10
New Jersey Cash Management Fund	\$ 306,119.09	\$ 306,119.09	\$ 306,119.09	\$ -	\$ -
	\$ 306,119.09	\$ 306,119.09	\$ 306,119.09	\$ -	\$ -

**Interest Rate Risk:** The Township does not have a policy regarding interest rate risk. However, state statutes limit the maturity of all investments to less than one year (see Note 1 – Cash and Investments).

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 8: DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Township had no policy on custodial credit risk.

Credit Risk: The Township does not have an investment policy regarding credit risk. The New Jersey Cash Management Fund is not rated.

**Note 9: PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local school district, regional school district, fire districts and the county, the rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1<sup>st</sup> and November 1<sup>st</sup> respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1<sup>st</sup> and May 1<sup>st</sup> of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey statutes.

Delinquent taxes open after the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year in which the taxes were levied are subject to being included in a tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged to a reserve set aside for this purpose or directly to operations.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 9: PROPERTY TAXES (Continued)**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

<b>Comparative Schedule of Tax Rates</b>				
		<b>2012</b>	<b>2011</b>	<b>2010</b>
Tax Rate	\$	2.054	\$ 2.019	\$ 1.969
Apportionment of Tax Rate:				
Municipal		0.450	0.434	0.409
County		0.349	0.355	0.329
Local School		0.806	0.797	0.794
Regional School		0.449	0.433	0.437

<b>Assessed Valuation</b>		
Year		Amount
2012	\$	3,619,349,997
2011		3,645,856,678
2010		3,686,976,888

<b>Comparison of Tax Levies and Collections</b>					
Year		Tax Levy		Collections	Percentage of Collections
2012	\$	74,460,282.69	\$	72,395,001.25	97.23%
2011		73,787,864.02		72,749,143.54	98.59%
2010		72,874,703.36		72,270,898.06	99.17%

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 9: PROPERTY TAXES (Continued)**

<b>Delinquent Taxes and Tax Title Liens</b>				
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2012	\$ 1,095,046.30	\$ 60,076.94	\$ 1,155,123.24	1.55%
2011	887,104.19	28,189.52	915,293.71	1.24%
2010	636,619.62	17,370.96	653,990.58	0.90%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2012	\$ 3,488,694
2011	3,488,694
2010	3,550,794

**Note 10: ECONOMIC DEPENDENCY**

The Township of Galloway is not economically dependent on any one funding agent within the Township or State of New Jersey.

**Note 11: FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets:

**Current Fund:**

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
2012	\$ 2,172,833.70	\$ 1,490,000.00	68.57%
2011	3,171,417.14	2,460,000.00	77.57%
2010	2,820,042.05	2,000,000.00	70.92%
2009	3,260,574.87	2,535,000.00	77.75%
2008	3,131,836.07	2,565,628.33	81.92%

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 11: FUND BALANCES APPROPRIATED (Continued)**

**Sewer Utility Operating Fund:**

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
2012	\$ 1,187,376.65	\$ 500,000.00	42.11%
2011	1,284,020.48	600,000.00	46.73%
2010	1,504,185.69	495,000.00	32.91%
2009	1,440,654.85	722,354.87	50.14%
2008	2,231,105.08	1,312,616.32	58.83%

**Note 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables between municipal funds are a result of either temporary funding of activity or collections received in one fund and due to the another as of year end. Interfunds are expected to be returned within the following year. Receivables and payables at December 31, 2012 are as follows:

Fund	Interfund Receivable	Interfund Payable
Current	\$ 628.96	\$ 31,001.75
Federal and State Grant Fund	19,383.81	-
General Capital Fund	951,671.33	-
Trust Assessment Fund	-	952,226.34
Trust Fund - Other	4,222.88	73.95
Utility Operating Fund	7,395.06	-
Total	\$ 983,302.04	\$ 983,302.04

**Note 13: BUDGETARY DATA**

Annually, Township Council adopts the annual appropriated budgets for the Current Fund and the Capital Improvement Plan. Once approved, the Township Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46, 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between major appropriation accounts are prohibited until the last two months of the year. The Township Council approves transfers by resolution. Budgetary transfers for the year were insignificant.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 14: FEDERAL AND STATE GRANTS**

In the normal course of operations, the Township participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor. As of year end, significant amounts of grant expenditures have not been audited by the various grantor agencies, nor are there any known liabilities for reimbursement as a result of any such audit, except for \$81,250 due back to Atlantic County in the General Capital Fund.

**Note 15: GENERAL FIXED ASSETS**

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2012. Of the \$3,808,686.24 total disposal/adjustments, \$2,713,732.02 is attributable to an increase in the Township's threshold for the recording of fixed assets from \$1,000 to \$5,000.

	<u>Balance as of December 31, 2011</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance as of December 31, 2012</u>
Land	\$ 1,498,200.00	\$ 219,424.00	\$	\$ 1,717,624.00
Buildings	2,688,900.00	658,272.00		3,347,172.00
Equipment	<u>17,231,489.99</u>	<u>157,986.95</u>	<u>3,808,686.24</u>	<u>13,580,790.70</u>
Total	\$ <u>21,418,589.99</u>	\$ <u>1,035,682.95</u>	\$ <u>3,808,686.24</u>	\$ <u>18,645,586.70</u>

**Note 16: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Employee health and accident insurance and public official bonds are provided through commercial insurance.

**Property and Liability Insurance**

The Township is a member of the Atlantic County Municipal Joint Insurance Fund (the Fund), a risk management pool, which provides its members with coverage for property, casualty and crime, public official's liability, workers' compensation, employer's liability and general liability. Contributions to the Fund, including a reserve for contingencies, are payable annually in two installments, and are based on actuarial assumptions.

The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event. The Fund publishes its own financial report that can be obtained by writing to Atlantic County Municipal Joint Insurance Fund, P.O. Box 488, Marlton, New Jersey 08053.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 17: SANITARY LANDFILL CLOSURE FUND**

The Township of Galloway owned and operated a municipal landfill until December 31, 1991, at which time the site was effectively closed for all operations. The Sanitary Landfill Facility Closure and Contingency Act Fund of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

At December 31, 2012, the Township had \$585,137.74 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

**Note 18: LITIGATION**

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome from such litigation is unknown and potential losses if any would not be material to the financial statements.

**Note 19: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and May 7, 2013, the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the Township that would require disclosure.

## SUPPLEMENTARY INFORMATION

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF CASH-TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Balance December 31, 2011	A	\$ 6,253,370.56		\$ 88,580.45
Increased By Receipts:				
Taxes Receivable	\$	71,357,149.64	\$	
Tax Title Liens		119,149.05		
Revenue Accounts Receivable		5,074,034.05		
Miscellaneous Revenue Not Anticipated		262,127.72		
Veterans & Senior Citizen - State of NJ		369,500.00		
Prepaid Taxes		602,118.03		
Federal and State Grants Receivable				972,199.91
Unappropriated Grant Reserves				57,222.60
Special Emergency Note		950,000.00		
Due from Grant Fund		185,225.36		
Due to Sewer Utility Operating		7,395.06		
Due to P.O.A.A. Trust		12.00		-
Due to Trust - Inspection Escrow		144.88		
Due to Tax Collector Special		25.00		
Tax Overpayments		29,810.62		
Due to State - Marriage Licenses		4,825.00		
Due to State - Domestic Partnerships/Civil Unions		100.00		
Due to State - Permit Surcharge Fee		17,407.00		
Tax Appeal Refunding		1,470,000.00		
Deposits for Sale of Township Property		525.00		
Garden State Preservation Trust		7,234.00		
		<u>80,456,782.41</u>		<u>1,029,422.51</u>
		<u>86,710,152.97</u>		<u>1,118,002.96</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF CASH-TREASURER**

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2012 Appropriations	\$ 19,895,514.42	\$
2011 Appropriation Reserves	401,290.76	
County Taxes	12,578,997.37	
County Added and Omitted Taxes	30,740.70	
Local District School Tax	29,151,382.50	
Regional School Taxes	16,039,670.26	
Unallocated Tax Receipt	8.66	
Due to Sewer Utility Operating	1,869.13	
Due to Special Law Enforcement Fund	7,849.55	
Due to State - Marriage Licenses	5,200.00	
Due to State - Domestic Partnerships/Civil Unions	50.00	
Due to State - Permit Surcharge Fee	15,649.00	
Deposits for Sale of Township Property	175.00	
Due to Special Water Assessment Trust	1,602.27	
Reserve for Reassessment	12,700.00	
Refund of Prior Year Revenue	4,940.85	
Reserve for Proceeds on Sale of Municipal Property	3,900.00	
Cancellation and Refund of Prior Year Taxes	62,500.00	
Federal and State Grant Fund - Appropriated Reserves		772,586.83
Due to Current Fund		185,225.36
	\$ 78,214,040.47	\$ 957,812.19
Balance December 31, 2012	\$ 8,496,112.50	\$ 160,190.77

TOWNSHIP OF GALLOWAY  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
2011 & Prior	\$ 28,189.52	\$ -	\$ -	\$ -	\$ 9,702.94	\$ 15,268.87	\$ -	\$ 3,217.71
	<u>28,189.52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,702.94</u>	<u>15,268.87</u>	<u>-</u>	<u>3,217.71</u>
2012		74,460,282.69	-	668,304.55	71,726,696.70	1,677,191.03	331,231.18	56,859.23
	<u>\$ 28,189.52</u>	<u>\$ 74,460,282.69</u>	<u>-</u>	<u>\$ 668,304.55</u>	<u>\$ 71,736,399.64</u>	<u>\$ 1,692,459.90</u>	<u>\$ 331,231.18</u>	<u>\$ 60,076.94</u>
Ref.	A							A

\$ 71,357,149.64 Taxes Receivable  
379,250.00 Senior Citizens and Veterans  
\$ 71,736,399.64

Analysis of 2012 Property Tax Levy

Tax Yield:  
General Property Tax \$ 74,341,450.56  
Added Taxes (54-4-63.1 et seq.) 118,832.13  
\$ 74,460,282.69

Tax Levy:

Local District School Tax: Levy \$ 29,151,378.00  
Regional High School Tax 29,151,378.00  
County Taxes 16,280,598.64  
County Taxes Added and Omitted 12,578,997.37  
Local Tax for Municipal Purposes 20,325.40  
Add: Additional Tax Levied 16,322,039.64  
106,943.64  
16,428,983.28  
\$ 74,460,282.69

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2011	<u>Ref.</u> A		\$	887,104.19
Increased By:				
Transfers from Taxes Receivable		\$ 331,231.18		
Interests and Costs from Tax Sale		1,383.64		
				332,614.82
				1,219,719.01
Decreased By:				
Cash Receipts		119,149.05		
Cancelled		5,523.66		
				124,672.71
Balance December 31, 2012	A		\$	1,095,046.30

TOWNSHIP OF GALLOWAY  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 44,244.57	\$ 44,244.57	\$ -
Fees and Permits	-	146,683.00	146,683.00	-
Fines and Costs:				
Municipal Court	37,642.43	411,832.27	419,046.60	30,428.10
Interest and Costs on Taxes	-	321,140.14	321,140.14	-
Interest on Investments and Deposits	-	17,971.51	17,971.51	-
Planning Board - Special Application Fees	-	5,712.31	5,712.31	-
Fire Subcode Official:				
Fire Safety Rebate	-	30,177.86	30,177.86	-
Fire Inspections	-	32,453.00	32,453.00	-
Road Openings	-	26,440.00	26,440.00	-
Cable Franchise Fees	-	123,975.76	123,975.76	-
Contract Postal Unit	-	49,263.24	49,263.24	-
Hotel Tax	-	471,874.92	471,874.92	-
Rental Inspections	-	83,290.00	83,290.00	-
Consolidated Municipal Property Tax Relief Aid	-	38,438.00	38,438.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,527,904.00	2,527,904.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	30,475.00	30,475.00	-
Watershed Moratorium Offset	-	7,708.00	7,708.00	-
Garden State Preservation Trust Fund	-	7,234.00	7,234.00	-
Uniform Construction Code Fees	-	281,137.00	281,137.00	-
Contribution Richard Stockton College	-	300,000.00	300,000.00	-
Communications - Dispatch Agreement				
Atlantic County	-	17,863.10	17,863.10	-
Mulllica	-	98,865.00	98,865.00	-
<b>TOTALS</b>	<b>\$ 37,642.43</b>	<b>\$ 5,074,682.68</b>	<b>\$ 5,081,897.01</b>	<b>\$ 30,428.10</b>
	A		A	
Ref.				
		Cash Receipts	\$ 5,074,034.05	
		Due from Community Events	73.95	
		Due from Special Water Assessment	555.01	
		Garden State Preservation Trust	7,234.00	
			<u>\$ 5,081,897.01</u>	

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operations Within "Caps":					
Salaries and Wages	\$	\$	\$	\$	\$
General Administration	733.32	733.32		733.32	
Mayor and Council	1,021.08	1,021.08		1,021.08	
Municipal Clerk	249.41	249.41		249.41	
Financial Administration	4,861.76	4,861.76		4,861.76	
Revenue Administration	1,641.48	1,641.48		1,641.48	
Tax Assessment Administration	10,024.74	4,024.74		4,024.74	
Municipal Court	6,065.33	6,065.33		6,065.33	
Municipal Prosecutor's Office	6,076.00	6,076.00	4,000.00	2,076.00	
Planning Board	932.03	932.03		932.03	
Zoning Board	590.20	590.20		590.20	
Police Department	271,323.69	271,323.69	-	271,323.69	
Police Dispatch / 911	59.00	59.00		59.00	
Fire Department	2,810.56	2,810.56		2,810.56	
Streets and Road Maintenance	33,990.66	33,990.66		33,990.66	
Other Public Works Functions	5,689.00	5,689.00		5,689.00	
Solid Waste Collection	841.56	841.56		841.56	
Public Buildings and Grounds	2,277.56	2,277.56	(1,168.79)	3,446.35	
Recreation Services and Programs	20.79	20.79		20.79	
Senior Services	18.53	18.53		18.53	
Maintenance of Parks	411.70	411.70		411.70	
Celebration of Public Events	1.96	1.96		1.96	
Community Education	5,159.18	5,159.18		5,159.18	
Construction Code Official	6,072.47	6,072.47		6,072.47	

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Other Expenses	\$	\$	\$	\$	\$
General Administration	1,802.94	1,802.94	-	1.27	-
Human Resources	648.13	648.13	1,802.94	-	543.13
Mayor and Council	3,584.28	3,584.28	105.00	2,901.29	-
Municipal Clerk	4,436.92	4,436.92	682.99	3,067.85	-
Financial Administration	3,426.54	3,426.54	1,369.07	0.25	-
Revenue Administration	609.35	2,609.35	3,426.29	1,294.73	-
Tax Assessment Administration	7,074.05	11,074.05	1,314.62	2,542.81	-
Legal Services and Costs	2,372.50	2,372.50	8,531.24	2,309.67	-
Engineering Services and Costs	10,292.66	10,292.66	62.83	7,573.65	-
Municipal Court	2,021.97	2,021.97	2,719.01	1,101.40	-
Planning Board	656.38	656.38	920.57	607.10	-
Zoning Board	2,866.67	2,866.67	49.28	2,866.67	-
Other Code Enforcement Functions	24,579.35	24,579.35	-	-	-
Liability Insurance	202,584.97	202,584.97	24,579.35	36,545.38	-
Group Insurance Plan for Employees	86,577.38	86,577.38	166,039.59	64,505.19	-
Police Department	8,021.06	8,021.06	22,072.19	8,021.06	-
Police Dispatch/911	415.51	415.51	-	349.72	-
Office of Emergency Management	3,000.00	3,000.00	65.79	3,000.00	-
Environmental Health Services	25,800.50	25,800.50	-	15,623.54	-
Fire Department	33,169.29	33,169.29	10,176.96	24,735.87	-
Streets and Roads Maintenance	3,987.06	3,987.06	8,433.42	2,589.06	-
Other Public Works Functions	-	-	1,398.00	-	-

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>	<u>Overexpended</u>
	<u>Dec. 31, 2011</u>	<u>After</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>	<u></u>
	<u>\$</u>	<u>Transfers</u>	<u>Transfers</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Solid Waste Collection	17,996.30	-	17,996.30	3,858.93	14,137.37	-
Public Buildings and Grounds	21,458.20	-	21,458.20	5,459.53	15,998.67	-
Vehicle Maintenance	70,619.86	-	70,619.86	61,173.31	9,446.55	-
Administration of Public Welfare	468.21	-	468.21	186.92	281.29	-
Community Services Act	-	-	-	(2,326.71)	2,326.71	-
Recreation Services and Programs	21,369.11	-	21,369.11	1,724.43	19,644.68	-
Senior Services	3,379.49	-	3,379.49	1,462.84	1,916.65	-
Maintenance of Parks	16,612.52	-	16,612.52	1,830.79	14,781.73	-
Celebration of Public Events	1,905.72	-	1,905.72	168.34	1,737.38	-
Community Education	4,711.22	-	4,711.22	1,888.35	2,822.87	-
Construction Code Official	5,518.28	-	5,518.28	428.56	5,089.72	-
Utilities:						
Electric	38,406.35	-	38,406.35	11,224.29	27,182.06	-
Street Lighting	27,946.29	-	27,946.29	11,807.07	16,139.22	-
Telephone	18,125.45	-	18,125.45	3,694.92	14,430.53	-
Natural Gas	7,465.57	-	7,465.57	692.61	6,772.96	-
Gasoline	45,944.79	-	45,944.79	41,128.23	4,816.56	-
Landfill/Solid Waste Disposal Costs	11,685.21	-	11,685.21	308.00	11,377.21	-
Statutory Expenditures:						
Contributions to Social Security System	66,390.30	-	66,390.30	-	66,390.30	-
Operations Excluded from "Caps":						
Length of Service Award Program - Fire	2,769.00	-	2,769.00	-	2,769.00	-
Rental Inspections - Salaries & Wages	5.11	-	5.11	-	5.11	-
<b>TOTALS</b>	<b>1,171,577.77</b>	<b>1,171,577.77</b>	<b>1,171,577.77</b>	<b>401,290.76</b>	<b>770,287.01</b>	<b>-</b>
Ref.	A					
Appropriation Reserves	\$ 772,195.63			\$ 401,290.76	Cash Disbursements	
Encumbrances Payable	399,382.14			-	Accounts Payable	
	<u>\$ 1,171,577.77</u>			<u>\$ 401,290.76</u>		

**TOWNSHIP OF GALLOWAY  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2011	Anticipated Revenues	Received	Canceled	Balance Dec. 31, 2012
State:					
Safe and Secure Communities Program	\$ -	\$ 60,000.00	\$ 60,000.00		-
Municipal Alliance Program	41,788.12	21,740.00	30,696.92	20,280.75	12,550.45
Body Armor Fund	-	6,031.83	6,031.83		-
Clean Communities	-	101,826.84	101,826.84		-
Distracted Driving Campaign	-	2,000.00	2,000.00		-
Flood Control Grant	545,797.10		201,992.67		343,804.43
Drunk Driving Enforcement Program	-	13,134.88	13,134.88		-
Recycling Tonnage Grant	-	52,050.47	52,050.47		-
Drive Sober or Get Pulled Over	5,000.00	4,400.00	9,400.00		-
Reforestation Grant	52,800.00		52,800.00		-
Year End Impaired Driving Grant	200.00			200.00	-
NJ Transportation Trust Fund					
Safe Streets to Transit-Great Creek Rd.	251,000.00	200,000.00	112,034.29		338,965.71
NJ Transportation Trust Fund:					
Chris Gaupp Drive Phases 1&2	139,946.87		113,427.55		26,519.32
NJ Transportation Trust Fund:					
Wrangleboro Bike Path		175,000.00			175,000.00
Emergency Management Assistance	5,000.00	5,000.00	5,000.00		5,000.00
Federal:					
FEMA - Hazardous Mitigation		165,709.00			165,709.00
COPS in Shops	400.00	2,800.00	2,500.00	400.00	300.00
Bulletproof Vest Partnership	-	4,290.00	4,290.00		-
Community Development Block Grant	64,334.78	278,075.78	190,821.78	64,334.78	87,254.00
Justice Assistance Grant	-	10,596.00	10,596.00		-
Other:					
Atlantic County Open Space Trust Fund	162,250.00			162,250.00	-
Sustainable Jersey Small Grant-WalMart	5,000.00	10,000.00	10,000.00		5,000.00
Community Garden Grant	1,968.58		1,968.58		-
Shared Service Agreement-Mullica Dispatch	97,500.00		97,500.00		-
<b>TOTALS</b>	<b>\$ 1,372,985.45</b>	<b>\$ 1,112,654.80</b>	<b>\$ 1,078,071.81</b>	<b>\$ 247,465.53</b>	<b>\$ 1,160,102.91</b>
Ref.	A				A
Cash Receipts		\$	\$ 972,199.91		
From Grants Unappropriated			105,871.90		
		\$	<u>1,078,071.81</u>		

**TOWNSHIP OF GALLOWAY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> Dec. 31, 2012
State:				
Clean Communities Program	\$ 34,654.72	\$ -	\$ 34,654.72	\$ -
Recycling Tonnage Grant	52,050.47	51,801.48	52,050.47	51,801.48
Body Armor Grant	6,031.83	5,421.12	6,031.83	5,421.12
Drunk Driving Enforcement	13,134.88	-	13,134.88	-
<b>TOTALS</b>	<b>\$ 105,871.90</b>	<b>\$ 57,222.60</b>	<b>\$ 105,871.90</b>	<b>\$ 57,222.60</b>
Ref.	A			A

**TOWNSHIP OF GALLOWAY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

Purpose	Balance	Budget	Expended	Cancelled	Balance
	Dec. 31, 2011	Appropriations			Dec. 31, 2012
State:					
New Jersey Transportation Trust Fund					
Safe Streets to Transit-Great Creek Rd.	\$ 251,000.00	\$ -	\$ 173,070.41	\$ -	\$ 77,929.59
Safe Streets 2012		200,000.00			200,000.00
Chris Gaupp Drive	468.82		468.82		-
Wrangleboro Bike Path	-	175,000.00			175,000.00
Recycling Tonnage Grant	13,896.13	52,050.47	37,101.87		28,844.73
Drunk Driving Enforcement Program	44,127.85	13,134.88	6,600.45		50,662.28
Clean Communities Program	37,007.62	101,826.84	46,650.16		92,184.30
Safe and Secure Program	-	60,000.00	60,000.00		-
Body Armor Fund	6,666.22	10,321.83	6,032.00		10,956.05
Municipal Drug Alliance Program	17,842.29	21,740.00	19,301.54	20,280.75	-
Local Share	5,705.00	5,435.00	8,089.03	3,050.97	-
Distracted Driving Campaign	-	2,000.00	2,000.00		-
Stormwater Management	7,233.81	1,229.70	1,229.70		6,004.11
Over the Limit Under Arrest	4,000.00	200.00		3,800.00	-
Enhanced 911 General Assistance Grant	59,039.36	-			59,039.36
Drive Sober or Get Pulled Over	1,750.00	4,400.00	6,150.00		-
Reforestation Grant	83,732.12	29,750.00	29,750.00		53,982.12
Emergency Management Assistance	4,542.50	5,000.00	-		9,542.50
Federal:					
FEMA - Hazardous Mitigation	-	165,709.00			165,709.00
COPS in Shops	2,776.12	2,800.00	2,800.00	2,776.12	-
Community Development Block Grant	10,546.98	278,075.78	221,744.18	66,878.58	-
Energy Efficiency Retrofit Grant	-		(491.00)		491.00
JAG Grant	2,480.90	10,596.00	8,195.90		4,881.00
Other:					
Atlantic County Open Space Partnership	206,391.06			206,391.06	-
Sustainable Jersey Small Grant-PSEG	-	10,000.00			10,000.00
Shared Service Agreement	144,828.23		64,881.80		79,946.43
Community Garden Grant	0.10			0.10	-
<b>TOTALS</b>	<b>\$ 904,035.11</b>	<b>\$ 1,118,089.80</b>	<b>\$ 693,774.86</b>	<b>\$ 303,177.58</b>	<b>\$ 1,025,172.47</b>
Ref.	A				A
		Cash Disbursements	\$ 772,586.83		
		Encumbrances Payable	126,175.06		
		Encumbrances Cancelled	(204,987.03)		
			<u>\$ 693,774.86</u>		

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2011	<u>Ref.</u> B		\$	7,203.24
Increased By Receipts:				
Dog Licenses Fees		\$ 14,553.60		
Due to State of New Jersey		1,861.20		
Late Fees		<u>1,170.55</u>		
				<u>17,585.35</u>
				24,788.59
Decreased By Disbursements:				
Due to State of New Jersey		1,842.00		
Animal Control Expenditures		<u>15,096.65</u>		
				<u>16,938.65</u>
Balance December 31, 2012	B		\$	<u><u>7,849.94</u></u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

	Ref.	Other		Assessment
Balance December 31, 2011	B	\$ 5,093,824.36		\$ 804,692.35
Increased By Receipts:				
Insurance Funds:				
Workers' Compensation Insurance Fund		\$ 87,577.17		\$
General Liability Insurance Fund		235,624.70		
Funds Held in Escrow - Inspection Fees		105,711.70		
Funds Held in Escrow - Developer Escrow Fees		109,247.02		
Reserve for N.J. Unemployment Compensation Trust		62,702.11		
Payroll Deductions		10,513,642.95		
Reserve for Compensated Absences		54,366.08		
Reserve for Special Law Enforcement		16,104.23		
Reserve for Housing Trust Fund		61,277.26		
Reserve for Utility Escrow Deposits		9,244.74		
Reserve for Media Relations		1.61		
Reserve for Community Events		224,171.69		
Reserve for Police Special Detail		111,933.87		
Reserve for Public Defender Trust		33,034.18		
Reserve for Uniform Fire Safety		242.22		
Reserve for Health Insurance		1,295.64		
Reserve for Landfill Closure		938.45		
Reserve for Parking Offenses Adjudication Act		19.86		
Assessments Receivable			188,557.21	
Due to Bank				
Due from Current Fund				
Due to Current Fund:				
Assessment Trust			2,157.28	
		11,638,954.54		190,714.49
		16,732,778.90		995,406.84

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

	Ref.	Other	Assessment
Decreased By Disbursements:			
Due to Sewer Operating	\$		1,040.79
Reserve for Escrow - Inspection Fees		284,055.96	
Developer Escrow Funds		148,244.73	
Reserve for N.J. Unemployment Compensation Trust		101,116.08	
Payroll Deductions		10,498,235.53	
Due to Current Fund - Community Events		73.95	
Insurance Funds:			
Workers' Compensation Insurance Fund		54,133.10	
General Liability Insurance Fund		58,785.33	
Reserve for Compensated Absences		4,391.96	
Reserve for Housing Trust Fund		267,970.42	
Reserve for Special Law Enforcement		6,622.69	
Reserve for Utility Escrow Deposits		25,756.75	
Reserve for Health Insurance Trust		5,700.25	
Reserve for Public Defender Trust		38,366.00	
Reserve for Community Events		241,255.95	
Reserve for Uniform Fire Safety		90.00	
Reserve for Police Special Detail		100,610.08	
Reserve for Assessment and Liens			778.93
Balance December 31, 2012	B	11,835,408.78	\$ 993,587.12

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF TRUST CASH - TAX COLLECTOR**

Balance December 31, 2011	<u>Ref.</u> B		\$	315,960.90
Increased By Receipts:				
Deposits for Redemption of Tax Sale Certificates		\$ 3,701,432.43		
Deposits for Premiums		<u>516,200.00</u>		
				<u>4,217,632.43</u>
				4,533,593.33
Decreased By Disbursements:				
Refunds - Deposits for Redemption of Tax Sale Certificates		3,620,354.75		
Refunds of Tax Sale Premiums		285,800.00		
Due from Current Fund		<u>25.00</u>		
				<u>3,906,179.75</u>
Balance December 31, 2012	B		\$	<u><u>627,413.58</u></u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF SANITARY LANDFILL CLOSURE ESCROW FUND - OAK/HERSCHEL**

Balance December 31, 2011	<u>Ref.</u> B		\$ 584,199.29
Increased By:			
Interest Earned		\$ <u>938.45</u>	<u>938.45</u>
			585,137.74
Decreased By:			
None		-	
		<u>                    </u>	<u>                    </u>
Balance December 31, 2012	B		\$ <u><u>585,137.74</u></u>

**TOWNSHIP OF GALLOWAY  
TRUST ASSESSMENT FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Assessments	Misc.	Assessments	Misc.	From	To	
Due to/ (from) Current Fund	\$ (1,602.27)	\$ 2,157.28	\$ -	\$ 1,040.79	\$ -	\$ -	\$ -	\$ 555.01
Due to Sewer Operating	1,040.79							-
Due to General Capital Fund	-						951,671.33	951,671.33
Due to Bank	16.40					16.40		-
Deposits on Future Assessments	7,377.67					7,377.67		-
Assessments Receivable	(384,498.75)	188,302.59				178,071.76	7,377.67	(366,890.25)
Assessment Lien Receivable	(2,632.12)	254.62						(2,377.50)
Reserve for Assessments and Liens	1,184,990.63			778.93	-	993,006.21	178,062.26	369,267.75
Assessment Fund Balance	-						41,360.78	41,360.78
	\$ 804,692.35	\$ 190,714.49	\$ -	\$ 1,819.72	\$ -	\$ 1,178,472.04	\$ 1,178,472.04	\$ 993,587.12
	B							B

Ref.

**TOWNSHIP OF GALLOWAY  
TRUST ASSESSMENT FUND  
STATEMENT OF ASSESSMENTS RECEIVABLE**

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2011	Confirmed	Collected	Transferred to Lien	Balance Dec. 31, 2012	Balance Pledged to	
										Due General Capital Fund	Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	7/12/2005	10	09/19/05-14	\$ 225,032.13	\$	\$ 98,490.00	\$ -	\$ 126,542.13	\$	\$ 126,542.13
1261	Construction and Extension of the Water Distribution System into the Pinehurst, Vienna Gardens, Koch & Langley area of Pomona, and Absecon Highland III, Sub-Basin IV	4/11/2006	10	06/10/06-15	159,476.12		52,205.25		107,270.87		107,270.87
1360	Construction and Extension of the Water Distribution System into Absecon Highlands III, Sub-Basin II	12/13/2011	10	03/1/12-21	175,152.98		42,760.72		132,392.26		132,392.26
1438	Construction and Extension of the Water Distribution System on Ridgewood Ave., Galloway	12/13/2011	2	03/1/12-13	2,909.28		2,224.29		684.99		684.99
					\$ 384,508.25	\$ 178,062.26	\$ 195,680.26	\$ -	\$ 366,890.25	\$ 240,348.12	\$ 126,542.13
					C					C	C

Ref.

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2011	<u>Ref.</u> B		\$	7,202.04
Increased By:				
Dog Licenses Fees Collected - Township Share		\$ 14,553.60		
Late Fees		<u>1,170.55</u>		
				<u>15,724.15</u>
				22,926.19
Decreased By:				
Dog License Expenses		15,096.65		
		<u>15,096.65</u>		
Balance December 31, 2012	B		\$	<u><u>7,829.54</u></u>

License Fees Collected

<u>Year</u>		
2010	\$	18,678.60
2011		<u>17,178.40</u>
	\$	<u><u>35,857.00</u></u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2011	<u>Ref.</u> B		\$	1.20
Increased By:				
State Fees		\$ 1,861.20		
				1,861.20
Decreased By:				
State Fees		1,842.00		
				1,842.00
Balance December 31, 2012	B		\$	20.40

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2011	<u>Ref.</u> C		\$	3,972,084.75
Increased By Receipts:				
Due from NJEIT		\$ 103,655.00		
Deferred Charges Unfunded		9,794.06		
Bond Anticipation Notes Issued		1,470,000.00		
Reserve for Bond/Note Premium		7,961.80		
Capital Improvement Fund		<u>158,000.00</u>		
				<u>1,749,410.86</u>
				5,721,495.61
Decreased By Disbursements:				
Improvement Authorizations		<u>2,318,343.33</u>		
				<u>2,318,343.33</u>
Balance December 31, 2012	C		\$	<u><u>3,403,152.28</u></u>

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds/Notes Issued	Grants/Loans Received	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 155,000.60	\$ -	\$ -	\$ 158,000.00	\$ -	\$ -	\$ 81,252.40	\$ 200,877.48	\$ 274,625.68
Capital Improvement Fund	63,284.93	-	-	-	-	-	-	-	221,284.93
Reserve for Preliminary Expenses	500.00	-	-	-	-	-	-	-	500.00
Reserve for Purchase of Fire Truck	5,825.00	-	-	-	-	-	-	-	5,825.00
Cash Pledged to the Payment of									
Bonds - Ord. 875/987	17,282.86	-	-	7,961.80	-	-	-	2.40	17,282.86
Reserve for Bond/Note Premium	321,992.25	-	-	-	-	-	-	-	329,954.05
Due from Bank	(2.40)	-	-	-	-	-	-	-	-
State Aid Receivable	(176,168.00)	-	103,655.00	-	-	-	-	176,168.00	-
NJET Receivable	(111,951.00)	-	-	-	-	-	-	-	-
State Aid Receivable - New Jersey	(250,217.79)	-	-	-	-	-	951,671.33	250,217.79	(8,296.00)
Transportation Trust Fund	-	-	-	-	-	-	-	-	-
Due from Trust Assessment	-	-	-	-	-	-	-	81,250.00	(951,671.33)
Due to Atlantic County	-	-	-	-	-	-	962,208.17	314,108.73	81,250.00
Contracts Payable	962,208.17	-	-	-	-	-	-	-	314,108.73
<b>Improvement Authorizations</b>									
Ord. Number									
875/897	Various Improvements	1,445.87	-	-	15,742.90	-	1,445.87	-	-
1032	Closure/Expansion of Landfill	386,902.41	-	-	-	-	24,915.63	32,915.63	379,159.51
1192	Construction/Extension of Water Distribution System	105,000.22	-	-	-	-	105,000.22	789,109.07	-
1261	Construction of Water System	(789,109.07)	-	-	444.00	-	-	-	-
1208	Pedestrian Path Construction	1,848.43	-	-	-	-	-	-	-
1325	Phase I Landfill Closure	105,363.91	-	-	-	-	105,363.91	-	-
1329	Funding of Self-Insurance Pool	1,272.80	-	-	-	-	1,272.80	-	-
1343	Various Improvements	1.00	-	-	1.00	-	-	-	-
1360	Construction of Water System	(161,402.98)	-	-	-	-	-	161,402.98	-
1394	Preliminary Assessment and/or Site Investigation	76,603.00	-	-	-	-	76,603.00	-	-
1432	Various Improvements	18,325.01	-	-	1,927.98	-	-	-	16,397.03
1438	Construction of Water System	(1,159.28)	-	-	-	-	-	1,159.28	-
1467	Various Improvements	(650.00)	-	-	-	-	-	-	(650.00)
1505	Various Improvements	54,744.34	-	9,794.06	2,886.84	-	29,857.50	-	22,000.00
1507	Green Acres Program	198,487.80	-	-	-	-	208,281.86	-	(9,000.00)
1512	Construction of Water System	9,269.50	-	-	-	-	9,269.50	-	-
1533	Various Improvements	23,912.05	-	-	33,905.68	-	-	30,250.00	1,766.37
1556	Genoa Avenue Water System	12,230.50	-	-	-	-	-	-	-
1561	Collins Road Improvements	130,750.00	-	-	-	-	-	-	130,750.00
1562	Recreation Improvements	55.87	-	-	-	-	-	900.00	955.87

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds/Notes Issued	Grants/Loans Received	Misc.	Improvement Authorizations	Misc.	From	To	
1565 Various Improvements	\$ 299,504.93	\$ -	\$ -	\$ -	\$ 23,255.01	\$ -	\$ 127,816.68	\$ 5,257.51	\$ 153,690.75
1568 Patriots Lake Projects	(6,014.63)	-	-	-	-	-	-	-	(6,014.63)
1574 Vehicles and Equipment	19,701.87	-	-	-	-	-	19,701.87	-	-
1601 Public Safety Info'n System	15,104.41	-	-	-	-	-	15,104.41	-	-
1611 Various Capital Improvements	1,018,899.73	-	-	-	496,630.55	-	34,175.96	514,382.55	1,002,475.77
1617 Drainage Improvements									
and Pedestrian Paths	78,424.70	-	-	-	6,816.82	-	4,205.18	-	67,402.70
1632 Fire Equipment Purchase	(33,915.00)	-	-	-	-	-	-	-	(33,915.00)
1658 Construction of Tennis Courts	361.15	-	-	-	-	-	361.15	-	-
1660 Various Capital Improvements	259,920.37	-	-	-	24,016.00	-	17,057.59	44,439.77	263,286.55
1689 Purchase of Fire Truck	(2,500.00)	-	-	-	-	-	-	-	(2,500.00)
1718 Various Capital Improvements	842,944.95	-	-	-	24,001.18	-	-	8,777.50	827,721.27
1784 Stormwater Mngmnt-New Leaf Ct.	(449,524.26)	-	-	-	-	-	-	14,851.47	(434,672.79)
1807 Stormwater Mngmnt-Patriot Lake	(51,279.53)	-	-	-	5,728.75	-	30,182.50	35,911.25	(51,279.53)
1839 Various Capital Improvements	818,810.06	-	-	-	212,986.62	-	100,035.87	274,522.49	780,310.06
1858 Tax Appeal Refunding		1,470,000.00	-	-	1,470,000.00	-	-	-	-
	\$ 3,972,084.75	\$ 1,470,000.00	\$ 113,449.06	\$ 165,961.80	\$ 2,318,343.33	\$ -	\$ 2,936,503.90	\$ 2,936,503.90	\$ 3,403,152.28
Ref.									C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION**

Ord. Number	Improvement Description	Date of Original Issue	Total Appropriated	Down Payment	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
1360	Construction and Extension of the Water Distribution System into Absecon Highlands II and Sub-Basin II	10/27/1998	\$ 275,000.00	\$ 13,750.00	\$ 13,750.00		\$ 13,750.00	-
1438	Construction and Extension of the Water Distribution Systems on Ridewood Avenue	9/12/2000	35,000.00	1,750.00	1,750.00		1,750.00	-
					\$ 15,500.00	-	\$ 15,500.00	-
					C			C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	<u>Ref.</u> C		\$	63,284.93
Increased By:				
Received from 2012 Budget Appropriation	C-2	\$ 158,000.00		
				158,000.00
				221,284.93
Decreased By:				
None		-		
		-		-
Balance December 31, 2012	C		\$	221,284.93

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2011	<u>Ref.</u> C		\$	21,721,510.39
Increased By:				
Serial Bonds Issued		\$ 4,265,000.00		
				4,265,000.00
				25,986,510.39
Decreased By:				
Serial Bonds Paid		6,625,000.00		
Green Trust Loan Program		10,589.10		
NJ Environmental Infrastructure Loan Paid		2,778.00		
				6,638,367.10
Balance December 31, 2012	C		\$	19,348,143.29

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Loans and Bonds Issued	Grants Received/ Cancellations	Balance Dec. 31, 2012	Bond Anticipation Note	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorization
	<u>General Improvements</u>								
1032	Closure/Expansion of Landfill	\$ 1,882.08	\$ -	\$ -	\$ -	\$ 1,882.08	\$ -	\$ -	\$ 1,882.08
1325/1692	Construction of Athletic Fields	15,000.00	-	-	15,000.00	-	-	-	-
1432	Various Capital Improvements	900.00			5.44	894.56		650.00	894.56
1467	Various Capital Improvements	650.00				650.00			
1505	Various Capital Improvements	150.00			150.00	-			-
1507	Green Acres Program	44,638.54			44,638.54	-			-
1533	Various Capital Improvements	15,763.00			2,227.00	13,536.00			13,536.00
1556	Water Distribution System in Genoa Avenue Area	8,653.25			8,653.25	-			-
1565	Various Capital Improvements	1,000.00			1,000.00	-			-
1568	Patriot Lake Recreation Project	6,200.00			185.37	6,014.63		6,014.63	-
1601	Public Safety Info'n System	2,000.00			2,000.00	-			-
1611	Various Capital Improvements	68,722.95			1,120.00	67,602.95			67,602.95
1632	Fire Equipment Purchase	33,915.00				33,915.00		33,915.00	-
1658	Construction of Tennis Courts	99,000.00			99,000.00	-			-
1660	Various Capital Improvements	325,372.00			951.80	324,420.20			324,420.20
1689	Purchase of a Fire Truck	2,500.00				2,500.00		2,500.00	-
1718	Various Capital Improvements	181,999.00				181,999.00			181,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00	-		290,327.21	434,672.79		434,672.79	-
1807	Stormwater Management Project Patriot Lake	815,000.00				815,000.00		51,279.53	763,720.47
1839	Various Capital Improvements	940.00				940.00			940.00
1858	Tax Appeal Refunding		1,470,000.00			1,470,000.00			1,470,000.00

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Loans and Bonds Issued	Grants Received/ Cancellations	Balance Dec. 31, 2012	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
<u>Local Improvements</u>									
1192	Construction and Extension of Water Distribution Systems	\$ 3,879,024.12	\$ -	\$ -	\$ 3,879,024.12	\$ -	\$ -	\$ -	\$ -
1261	Construction and Extension of Water Distribution Systems	2,000,000.00	-	-	2,000,000.00	-	-	-	-
1360	Construction and Extension of Water Distribution Systems	261,250.00	-	-	261,250.00	-	-	-	-
1438	Construction and Extension of Water Distribution Systems	33,250.00	-	-	33,250.00	-	-	-	-
		<u>\$ 8,522,809.94</u>	<u>\$ 1,470,000.00</u>	<u>\$ -</u>	<u>\$ 6,638,782.73</u>	<u>\$ 3,354,027.21</u>	<u>\$ 1,470,000.00</u>	<u>\$ 529,031.95</u>	<u>\$ 1,354,995.26</u>
	Ref.	C				C			
					Cash Received \$ 9,794.06 Due from Trust Assessment Fund 951,671.33 Authorizations Cancelled 5,677,317.34 <u>\$ 6,638,782.73</u>				

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2011		2012 Authorizations		Paid or Charged	Balance December 31, 2012	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation		Funded	Unfunded
875/987	Various Improvements and Purchases	9/8/1987	\$ 736,000	\$ 1,445.87	\$ -	\$ 1,445.87	\$ -	\$ -	\$ -	\$ -
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	386,902.41	1,882.08		7,742.90	379,159.51		1,882.08
1208	Construction of Pedestrian Path	7/1/1995	63,514	1,848.43			444.00	1,404.43		
1325/1692	Construction of Athletic Fields	12/9/1997	1,700,000	105,363.91	15,000.00				120,363.91	
1329	Funding of Self-Insurance Pool	2/24/1998	500,000	1,272.80					1,272.80	
1343	Various Capital Improvements	5/26/1998	680,000	1.00			1.00			
1394	Preliminary Assessment and/or Site Investigation	6/9/1999	79,213	76,603.00				76,603.00		
1432	Various Capital Improvements	8/8/2000	803,347	18,325.01	900.00		1,927.98	16,397.03		894.56
1505	Various Capital Improvements	5/28/2002	2,433,950	54,744.34	150.00		2,886.84	22,000.00		-
1507	Green Acres Program	5/28/2002	600,000	198,487.80	44,638.54				243,126.34	(0.00)
1512	Construction and Extension of Water Distribution Systems	7/23/2002	375,000	9,269.50			9,269.50			
1533	Various Capital Improvements	5/27/2003	1,846,813	23,912.05	15,763.00		2,227.00	1,766.37		13,536.00
1556	Construction & Extension of Water Distribution Systems in Genoa Avenue Area	2/24/2004	55,000	12,230.50	8,653.25				20,883.75	
1561	Collins Road Improvements	4/13/2004	270,000	130,750.00						130,750.00
1562	Recreation Improvements	4/13/2004	154,400	55.87			(900.00)	955.87		
1565	Various Capital Improvements	6/22/2004	3,522,350	299,504.93	1,000.00		103,043.50	153,690.75	43,770.68	

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	2012 Authorizations		Balance December 31, 2011 Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation	Cancelled	Paid or Charged	Balance December 31, 2012		
				Funded	Unfunded						Funded	Unfunded	
1568	Patriot Lake Recreation Project	6/9/2004	\$ 196,000	\$ 185.37	\$ -	185.37	-	-	-	-	\$ -	\$ -	
1574	Various Vehicles & Equipment	7/27/2004	217,000	19,701.87	-	19,701.87	-	-	-	-	-	-	
1601	Public Safety Info'n System	3/22/2005	160,000	15,104.41	2,000.00	17,104.41	-	-	-	-	-	-	
1611	Various Capital Improvements	6/28/2005	7,622,310	1,018,899.73	68,722.95	1,120.00	-	1,002,475.77	16,423.96	1,002,475.77	67,602.95	67,602.95	
1617	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570	78,424.70	-	99,361.15	-	67,402.70	11,022.00	67,402.70	-	-	
1658	Construction of Tennis Courts	5/23/2006	420,000	361.15	99,000.00	99,361.15	-	-	-	-	-	-	
1660	Various Capital Improvements	7/11/2006	3,403,528	259,920.37	325,372.00	951.80	-	263,286.55	(3,366.18)	263,286.55	324,420.20	324,420.20	
1718	Various Capital Improvements	7/10/2007	3,560,000	842,944.95	181,999.00	181,999.00	-	827,721.27	15,223.68	827,721.27	181,999.00	181,999.00	
1784	Stormwater Management Project New Leaf Court	5/12/2009	725,000	275,475.74	-	290,327.21	-	-	(14,851.47)	-	-	-	
1807	Stormwater Management Patriot Lake	4/13/2010	815,000	763,720.47	-	763,720.47	-	-	-	-	763,720.47	763,720.47	
1839	Various Capital Improvements	6/28/2011	1,185,200	818,810.06	940.00	-	-	780,310.06	38,500.00	780,310.06	940.00	940.00	
1858	Tax Appeal Refunding	11/13/2012	1,470,000	-	1,470,000.00	-	-	-	1,470,000.00	-	-	-	
<b>Local Improvements:</b>													
1192	Construction and Extension of Water Distribution Systems	12/13/1994	5,300,000	15,000.00	3,969,024.34	3,984,024.34	-	-	-	-	-	-	
1261	Construction and Extension of Water Distribution Systems	11/26/1996	2,000,000	1,210,890.93	-	1,210,890.93	-	-	-	-	-	-	
1360	Construction and Extension of Water Distribution Systems	10/27/1998	275,000	99,847.02	-	99,847.02	-	-	-	-	-	-	
1438	Construction and Extension of Water Distribution Systems	9/12/2000	35,000	32,090.72	-	32,090.72	-	-	-	-	-	-	
				C	\$ 4,389,884.66	C	\$ 7,117,255.41	C	\$ 1,470,000.00	C	\$ 1,670,243.89	C	\$ 3,647,320.31
				Ref.	\$ -	C	\$ -	C	\$ 6,304,580.61	C	\$ 1,670,243.89	C	\$ 1,354,995.26
					\$ -		\$ -		\$ 200,877.48		\$ 2,318,343.33		\$ -
									5,677,317.34		314,108.73		Cash Disbursed
									426,385.79		(962,208.17)		Contracts Payable 12/31/12
									6,304,580.61		1,670,243.89		Contracts Payable 12/31/11

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012			Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	Interest Rate				
General Obligation Bonds of 2002	12/1/2002	3,845,000		\$	3.625%	\$ 300,000.00	\$ 300,000.00	\$ -	
General Obligation Bonds of 2005	12/1/2005	10,400,000	12/1/2013	900,000.00	4.125%	6,900,000.00	5,100,000.00	1,800,000.00	
			12/1/2014	900,000.00	4.125%				
Refunding Bonds of 2006	1/18/2006	3,790,000	12/15/2013	595,000.00	4.000%	1,735,000.00	550,000.00	1,185,000.00	
			12/15/2014	590,000.00	4.500%				
General Obligation Bonds of 2011	9/1/2011	11,000,000	9/1/2013	700,000.00	2.000%	11,000,000.00	650,000.00	10,350,000.00	
			9/1/2014	750,000.00	3.000%				
			9/1/2015	800,000.00	2.000%				
			9/1/2016	850,000.00	2.500%				
			9/1/2017	900,000.00	3.000%				
			9/1/2018	960,000.00	3.000%				
			9/1/2019	1,000,000.00	3.000%				
			9/1/2020	1,100,000.00	2.500%				
			9/1/2021	1,290,000.00	2.625%				
9/1/2022	1,300,000.00	3.000%							
9/1/2023	700,000.00	3.000%							
Refunding Bonds of 2011	9/1/2011	1,595,000	12/1/2013-2014	325,000.00	1.000%	1,580,000.00	25,000.00	1,555,000.00	
			12/1/2015	310,000.00	1.500%				
			12/1/2016	305,000.00	1.500%				
			12/1/2017	290,000.00	2.000%				
Refunding Bonds of 2012	12/1/2012	4,265,000	12/1/2013	35,000.00	2.000%		4,265,000.00	4,265,000.00	
			12/1/2014	25,000.00	2.000%				
			12/1/2015	925,000.00	2.000%				
			12/1/2016	910,000.00	3.000%				
			12/1/2017	900,000.00	3.000%				
			12/1/2018	790,000.00	3.000%				
12/1/2019	680,000.00	3.000%							
Ref.						\$ 21,515,000.00	\$ 4,265,000.00	\$ 6,625,000.00	\$ 19,155,000.00
C									C



**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	Interest Rate	December 31, 2012				
Wrangleboro Road Fund Loan	12/16/2011	\$ 81,951	2013-2031	\$ 4,167.00	0.000%	\$ 81,951.00	\$ -	\$ 2,778.00	\$ 79,173.00	
Wrangleboro Road Trust Loan	12/16/2011	30,000	2013-2031	1,338.00	0.220%	30,000.00	-	-	30,000.00	
			2014	1,341.00	0.350%					
			2015	1,345.00	0.480%					
			2016	1,352.00	0.590%					
			2017	1,360.00	0.790%					
			2018	1,371.00	1.020%					
			2019	1,384.00	1.250%					
			2020	1,402.00	1.520%					
			2021	1,423.00	1.740%					
			2022	1,448.00	1.900%					
			2023	1,475.00	2.050%					
			2024	1,506.00	2.170%					
			2025	1,538.00	2.290%					
			2026	1,574.00	2.390%					
			2027	1,611.00	2.920%					
			2028	1,658.00	3.000%					
			2029	1,708.00	3.080%					
			2030	1,760.00	3.130%					
			2031	3,406.00	3.190%					
						\$ 111,951.00	\$ -	\$ 2,778.00	\$ 109,173.00	
						C			C	

Ref.

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
1858	Tax Appeal Notes	12/20/2012	12/20/2012	12/19/2013	1.250%	-	\$ 1,470,000.00	-	\$ 1,470,000.00
					Ref.	-	\$ 1,470,000.00	-	\$ 1,470,000.00
						C			C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Grants Received/ Bonds/Notes Loans Issued	Canceled	Balance Dec. 31, 2012
<b>General Improvements:</b>						
1032	Closure and Expansion of Landfill	\$ 1,882.08	\$			\$ 1,882.08
1325/1692	Construction of Athletic Fields	15,000.00		-	15,000.00	-
1432	Various Capital Improvements	900.00			5.44	894.56
1467	Various Capital Improvements	650.00				650.00
1505	Various Capital Improvements	150.00			150.00	-
1507	Green Acres Program	44,638.54		9,794.06	34,844.48	-
1533	Various Capital Improvements	15,763.00			2,227.00	13,536.00
1556	Genoa Avenue Water Distribution	8,653.25			8,653.25	-
1565	Various Capital Improvements	1,000.00			1,000.00	-
1568	Patriot Lake Project	6,200.00			185.37	6,014.63
1601	Public Safety Information System	2,000.00			2,000.00	-
1611	Various Capital Improvements	68,722.95			1,120.00	67,602.95
1632	Fire Equipment	33,915.00				33,915.00
1658	Construction of Tennis Courts	99,000.00			99,000.00	-
1660	Various Capital Improvements	325,372.00			951.80	324,420.20
1689	Purchase of Fire Truck	2,500.00				2,500.00
1718	Various Capital Improvements	181,999.00				181,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00			290,327.21	434,672.79
1807	Stormwater Management Project Patriot Lake	815,000.00				815,000.00
1839	Various Capital Improvements	940.00		-		940.00
1858	Tax Appeal Refunding		1,470,000.00	1,470,000.00		-
<b>Local Improvements:</b>						
1192	Construction and Extension of the Water Dist. System - Various	3,879,024.12			3,879,024.12	-
1261	Construction and Extension of the Water Dist. System - Various	2,000,000.00			2,000,000.00	-
1360	Construction and Extension of the Water Dist. System - Various	261,250.00			261,250.00	-
1438	Construction and Extension of the Water Dist. System - Ridgewood Ave.	33,250.00			33,250.00	-
		<u>\$ 8,522,809.94</u>	<u>\$ 1,470,000.00</u>	<u>\$ 1,479,794.06</u>	<u>\$ 6,628,988.67</u>	<u>\$ 1,884,027.21</u>
		C				C

Ref.

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	Ref.	Operating	Capital
Balance December 31, 2011	D	\$ 1,538,844.04	\$ 2,489,012.45
Increased by Receipts:			
Sewer Rent Collections	\$	5,967,351.47	
Miscellaneous Revenues		96,931.73	
Due from Special Trust Assessment Fund		1,040.79	
Due from State - NJEIT			514,144.00
Sewer Rent Overpayments		22,219.61	
Due to Current Fund		1,869.13	
Capital Improvement Fund			12,500.00
		<u>6,089,412.73</u>	<u>526,644.00</u>
		7,628,256.77	3,015,656.45
Decreased by Disbursements:			
Current Appropriations		5,524,426.48	
Appropriation Reserves		30,070.30	
Interest Paid on Bonds		489,435.48	
Refund of Prior Year Revenue		3,713.70	
Improvement Authorizations			359,524.74
		<u>6,047,645.96</u>	<u>359,524.74</u>
Balance December 31, 2012	D	\$ <u>1,580,610.81</u>	\$ <u>2,656,131.71</u>

**TOWNSHIP OF GALLOWAY  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	2012 Issued	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 12,011.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 992,634.62
Capital Improvement Fund	245,068.25		12,500.00				257,568.25
Contracts Payable	369,616.34					369,616.34	37,940.69
Reserve for Payment of Bonds/Notes	10,270.51						10,270.51
Reserve for Premium on Bond Sale	66,093.00						66,093.00
NJEIT Receivable	(1,281,888.00)		514,144.00				(132,239.00)
Cash Pledged to Payment of Bonds	17,694.42					635,505.00	17,694.42
<b>Improvement Authorizations</b>							
Ord. Number							
935 Sewer Lines - Pinehurst	7,377.18				7,377.18		-
963 Acquisition of Equipment and Construction of New Sanitary Sewer Lines	16,736.80				16,736.80		-
1091 Purchase of Equipment and Various Improvements	12,878.27				12,878.27		-
1168 Construction of Sewer System	18,652.24				18,652.24		-
1203/1221 Sewer Equipment and Improvements	10,819.71				10,819.71		-
1253 Remediation of Lorraine Ave.	86,610.32				86,610.32		-
1290 Installation of Sewer System	73,438.44				73,438.44		-
1342 Various Sewer Improvements	354,059.27				354,059.27		-
1390 Ridgewood Ave. Extension/ Jim Leads Rd. Pump Station	32,144.98				32,144.98		-
1431 Construction - Various and Pump Studies	135,728.81				135,728.81		-
1468 Various Sewer Improvements	227,457.41			688.00	227,457.41	688.00	-
1506 Various Sewer Improvements	4,719.76				4,719.76		(0.00)
1534 Various Sewer Improvements	(585.00)					62.61	(585.00)
1566 Various Sewer Improvements	1,088,420.12			45,975.41	29,361.25	58,850.52	1,071,933.98
1612 Various Sewer Improvements	(37,480.73)			13,233.32	2,850.00	11,426.96	(42,137.09)
1661 Various Sewer Improvements	82,187.00			17,500.00		18,392.75	83,079.75
1719 Various Sewer Improvements	(109,980.97)			14,983.90	1,048.19	11,958.25	(114,054.81)
1785 Sanitary Sewer Improvements	959,623.33			267,081.50	640,186.25	268,237.25	959,623.33
1806 Sanitary Sewer Improvements	(19,693.19)						(658,723.69)
1840 Various Sewer Improvements	107,032.75						107,032.75
	\$ 2,489,012.45	\$ -	\$ 526,644.00	\$ 359,524.74	\$ 2,023,685.22	\$ 2,023,685.22	\$ 2,656,131.71
Ref.							D

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2011	<u>Ref.</u> D	\$	6,301.47
Increased By:			
Sewer Rents Levied		\$	6,006,942.00
			<u>6,006,942.00</u>
			<u>6,013,243.47</u>
Decreased By:			
Collections			5,967,213.87
Prepaid Rents Applied			1,755.00
Overpayments Applied			18,445.77
Transferred to Liens			6,106.18
Cancellations			964.13
			<u>5,994,484.95</u>
Balance December 31, 2012	D	\$	<u><u>18,758.52</u></u>

**SCHEDULE OF UTILITY LIENS**

Balance December 31, 2011	<u>Ref.</u> D	\$	12,348.27
Increased By:			
Transferred from Accounts Receivable		\$	6,106.18
Penalties and Costs			28.72
			<u>6,134.90</u>
			<u>18,483.17</u>
Decreased By:			
Collections			7,532.66
Other			1,212.83
			<u>8,745.49</u>
Balance December 31, 2012	D	\$	<u><u>9,737.68</u></u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

Asset Description	Balance Dec. 31, 2011	Transfer from Fixed Capital Uncomplete	Deletions	Balance Dec. 31, 2012
Installation of Sewer Line Preliminary Costs	\$ 224,400.92	\$		\$ 224,400.92
Pump Station Alarm System	10,512.00			10,512.00
Pump Station Study	117,855.02	55,000.00		172,855.02
Pumping Station	195,756.00			195,756.00
White Horse Pike Sewer Line	62,640.00			62,640.00
Original Sewer Lines and Pumping Station	7,992,647.02			7,992,647.02
Vehicles	766,850.91		45,109.00	721,741.91
General Equipment	202,845.09			202,845.09
Sewer Line Video System	82,484.00			82,484.00
Municipal Complex Renovations	48,198.49			48,198.49
South Egg Harbor Sewer Line Extension	251,403.73			251,403.73
Construction and Improvements to Sanitary Sewer Line	15,975,701.36	5,691,517.44		21,667,218.80
Remediation of Lorraine Avenue	620,856.72			620,856.72
Preliminary Costs for Phase III - Absecon Highlands	297,000.00			297,000.00
<b>Total Fixed Capital</b>	<b>\$ 26,849,151.26</b>	<b>\$ 5,746,517.44</b>	<b>\$ 45,109.00</b>	<b>\$ 32,550,559.70</b>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2011</u>	<u>After</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
		<u>Transfers</u>	<u>Transfers</u>		
Operating:					
Salaries and Wages	\$ 40,871.46	\$	40,871.46	\$	40,871.46
Other Expenses	102,601.64		102,601.64	30,070.30	72,531.34
Deferred Charges and Statutory Expenditures:					
Social Security System	2,001.01		2,001.01		2,001.01
TOTALS	<u>\$ 145,474.11</u>	<u>\$</u>	<u>145,474.11</u>	<u>\$ 30,070.30</u>	<u>\$ 115,403.81</u>
Ref.	D			D-5	
Appropriation Reserves	\$ 114,046.08				
Encumbrances Payable	<u>31,428.03</u>				
	<u>\$ 145,474.11</u>				

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	<u>Ref.</u> D	\$ 245,068.25
Increased By:		
Cash Received	\$ 12,500.00	
	<hr/>	<hr/>
		12,500.00
		<hr/>
		257,568.25
Decreased By:		
None	-	
	<hr/>	<hr/>
		-
Balance December 31, 2012	D	<u>\$ 257,568.25</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST ON BONDS,**  
**LOANS AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2011	Ref.			\$ 69,326.60
	D			
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 483,789.97		483,789.97
				553,116.57
Decreased By:				
Interest Paid on Bonds		489,435.48		489,435.48
Balance December 31, 2012	D			\$ 63,681.09

**Analysis of Accrued Interest December 31, 2012**

	Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
<b>Serial Bonds</b>						
\$	645,000.00	4.500%	11/01/12	12/31/12	60	4,837.50
	315,000.00	4.625%	11/01/12	12/31/12	60	2,428.13
	315,000.00	4.750%	11/01/12	12/31/12	60	2,493.75
	200,000.00	4.125%	12/01/12	12/31/12	30	687.50
	120,000.00	4.250%	12/01/12	12/31/12	30	425.00
	2,555,000.00	4.000%	12/15/12	12/31/12	16	4,480.00
	455,000.00	4.500%	12/15/12	12/31/12	16	897.53
	370,000.00	2.000%	09/01/12	12/31/12	121	2,453.15
	550,000.00	2.500%	09/01/12	12/31/12	121	4,558.22
	340,000.00	2.625%	09/01/12	12/31/12	121	2,958.70
	1,670,000.00	3.000%	09/01/12	12/31/12	121	16,608.49
	535,000.00	1.000%	12/01/12	12/31/12	30	439.73
	515,000.00	1.500%	12/01/12	12/31/12	30	634.93
	210,000.00	2.000%	12/01/12	12/31/12	30	345.21
	115,000.00	2.000%	12/01/12	12/31/12	30	189.04
	445,000.00	3.000%	12/01/12	12/31/12	30	1,097.26
	8,795,000.00					45,534.14
<b>NJEIT Loans</b>						
	140,000.00	various	08/01/12	12/31/12	150	2,437.50
	585,000.00	5.000%	08/01/12	12/31/12	152	15,709.45
						18,146.95
\$	9,520,000.00					\$ 63,681.09



**TOWNSHIP OF GALLOWAY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012				Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	Interest Rate					
Refunding Bonds of 2001	9/1/2001	\$ 3,790,000	11/1/2013	\$ 325,000.00	4.500%	\$ 1,605,000.00	\$	330,000.00	\$ 1,275,000.00	
			11/1/2014	320,000.00	4.500%					
			11/1/2015	315,000.00	4.625%					
			11/1/2016	315,000.00	4.750%					
Sewer Bonds of 2002	12/1/2002	2,960,000			200,000.00		200,000.00	-		
Sewer Bonds of 2005	12/1/2005	1,300,000	12/1/2013	100,000.00	4.125%	840,000.00		640,000.00	200,000.00	
			12/1/2014	100,000.00	4.125%					
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2013	455,000.00	4.000%	3,420,000.00		410,000.00	3,010,000.00	
			12/15/2014	455,000.00	4.500%					
			12/15/2015	505,000.00	4.000%					
			12/15/2016	500,000.00	4.000%					
			12/15/2017	550,000.00	4.000%					
			12/15/2018	545,000.00	4.000%					
Sewer Bonds of 2011	9/1/2011	3,100,000	9/1/2013	170,000.00	2.000%	3,100,000.00		170,000.00	2,930,000.00	
			9/1/2014	180,000.00	3.000%					
			9/1/2015	200,000.00	2.000%					
			9/1/2016	220,000.00	2.500%					
			9/1/2017	240,000.00	3.000%					
			9/1/2018	260,000.00	3.000%					
			9/1/2019	310,000.00	3.000%					
			9/1/2020	330,000.00	2.500%					
			9/1/2021	340,000.00	2.625%					
9/1/2022	340,000.00	3.000%								
9/1/2023	340,000.00	3.000%								

**TOWNSHIP OF GALLOWAY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012				Balance Dec. 31, 2011	Balance Dec. 31, 2012
			Date	Amount	Interest Rate	Increased		
Sewer Refunding Bonds 2011	9/1/2011	\$ 1,295,000	12/1/2013	\$ 270,000.00	1.000%	\$	\$	
			12/1/2014	265,000.00	1.000%		20,000.00	
			12/1/2015	260,000.00	1.500%			
			12/1/2016	255,000.00	1.500%			
			12/1/2017	210,000.00	2.000%			
Refunding Bonds of 2012	12/1/2012	560,000	12/1/2013	5,000.00	2.000%	560,000.00		
			12/1/2014	5,000.00	2.000%			
			12/1/2015	105,000.00	2.000%			
			12/1/2016	100,000.00	3.000%			
			12/1/2017	110,000.00	3.000%			
			12/1/2018	120,000.00	3.000%			
			12/1/2019	115,000.00	3.000%			
						\$ 10,445,000.00	\$ 9,235,000.00	
						D	D	

Ref.

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF N.J. E.I.T. LOANS**

Ord. Number	Improvement Description	Date of Original Issue	Maturities of Bonds Outstanding December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	2013-2018 \$ 5,000.00 2019 10,000.00 2020 10,000.00 2021 10,000.00 2022-2025 10,000.00 2026 10,000.00 2027-2029 10,000.00	5.000% 4.000% 5.000% 3.000% 4.000% 3.500% 4.000%	\$ 145,000.00	\$ 5,000.00	\$ 140,000.00	
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	2013-2018 22,617.81 2019 15,743.98	0.000%	174,068.65	22,617.81		151,450.84
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	2013-2024 44,191.83 2025 8,591.99	0.000%	839,644.78	300,750.83		538,893.95
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	2013-2016 30,000.00 2017-2019 35,000.00 2020-2021 40,000.00 2022-2023 45,000.00 2024-2026 50,000.00 2027 40,000.00	5.000% 5.000% 5.000% 5.000% 5.000% 5.000%	810,000.00	225,000.00	585,000.00	
					D	\$ 1,968,713.43	\$ 553,368.64	\$ 1,415,344.79
					Ref.	-		
						Loan payments \$ 91,809.64		
						Loan Reduction 461,559.00		
						D	\$ 553,368.64	

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bonds, Notes or Grants Issued	Cancelled/ Adjustments	Balance Dec. 31, 2012
1506	Various Sewer Capital Improvements	\$ 650.00	\$	-	650.00	\$ -
1534	Various Sewer Capital Improvements	600.00			15.00	585.00
1566	Various Sewer Capital Improvements	488,000.00		-		488,000.00
1612	Various Sewer Capital Improvements	232,100.00				232,100.00
1661	Various Sewer Capital Improvements	648,375.00				648,375.00
1719	Various Sewer Capital Improvements	706,800.00				706,800.00
1806	Sanitary Sewer Improvements	426,077.00			(635,505.00)	1,061,582.00
1840	Various Sewer Capital Improvements	137,500.00	-	-		137,500.00
		<u>\$ 2,640,102.00</u>	<u>\$</u>	<u>-</u>	<u>\$ (634,840.00)</u>	<u>\$ 3,274,942.00</u>
	Ref.	D				D

TOWNSHIP OF GALLOWAY  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2011	E	\$ 12,096.40	\$ 18,696.97
Increased By Receipts:			
Interest Earned on Deposits	\$	14.04	21.66
		14.04	21.66
		12,110.44	18,718.63
Decreased By Disbursements:			
None			
Balance December 31, 2012	E	\$ 12,110.44	\$ 18,718.63

**TOWNSHIP OF GALLOWAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**December 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of Township Council  
Township of Galloway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group, of the Township of Galloway, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 7, 2013 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, LLC*

**Ford, Scott & Associates, LLC**

**Certified Public Accountants**

*Leon P. Costello*

**Leon P. Costello, CPA**

**Registered Municipal Accountant**

**No. 393**

**May 7, 2013**

## TOWNSHIP OF GALLOWAY

### GENERAL COMMENTS

#### **Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4**

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The Township does employ a Qualified Purchasing Agent and as of July 1, 2010, their bid threshold has been \$36,000.

The governing body of the Township of Galloway has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Great Creek Road Reconstruction
- Clothing
- Fleet Maintenance
- Reassessment Appraisal
- Public Works Uniforms
- Animal Control Services

#### **Collection of Interest on Delinquent Taxes and Assessments**

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Council of the Township of Galloway, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the governing body inter alia to fix the rate of interest to be charged, in the Township of Galloway, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Council of the Township of Galloway, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2012.

This Resolution shall take effect January 1, 2012.

It appears from an examination of the collector's records that interest was charged in accordance with the foregoing resolution.

**TOWNSHIP OF GALLOWAY**

**GENERAL COMMENTS (Continued)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens and utility liens receivable on December 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2012	1221	60
2011	1124	56
2010	877	15

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2012 and 2013 Taxes	25
Payment of 2012 and 2013 Sewer Charges	10
Total	<u>35</u>

**Deposit of Municipal Funds**

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

## TOWNSHIP OF GALLOWAY

### FINDINGS AND RECOMMENDATIONS

#### 2012-01

The Township's fixed asset accounting system included items that were disposed of or could not be located, assets that were not tagged, and excluded a property acquisition. Deletion forms were utilized, but not signed.

**Criteria:**

As a means of safeguarding the Township's assets and accurately reporting valuations of those assets, the Township is required to maintain sufficiently all pertinent data associated with fixed asset activity.

**Condition:**

There were two assets tested which were disposed of in prior years' auctions, discarded or not found. This consisted of one vehicle with an original cost of \$45,109, and one copier originally valued at \$8,096. Four assets did not have a Township of Galloway tag affixed to the item. One property acquisition valued at \$877,696, with a final payment made in 2012, was not recorded as an addition. Deletion forms were utilized but not signed by department heads, nor was the original purchase price identified on the form. Three assets identified as not being on hand in the prior year's audit, were never removed from the detailed listing.

**Cause:**

The Township has not thoroughly reviewed and adjusted their detailed fixed asset ledgers for assets disposed of in prior years. Four assets did not have Township property tags affixed to the piece of equipment (one was a new asset), and the responsible employee did not ensure departmental signatures on deletion forms.

**Effect:**

A compromise over the safeguarding, accounting and recording of the Township's assets.

**Recommendation:**

That the Township thoroughly review and adjust their fixed assets for items no longer on hand, ensure their tagging, record all property acquisitions, and maintain signed and completed deletion forms.

#### 2012-02

The Township's tax office cancelled tax balances for one property for two years subsequent to the years' authorized, and did not have required documentation for all senior citizen and veterans deductions. The sewer office excluded two properties with delinquent balances from the tax sale.

**Criteria:**

The Township is required to include all delinquent sewer balances, except those in bankruptcy, in the annual tax sale. In addition, only authorized cancellations are to be recorded and adjusted in taxpayer records, and required documents are to be on hand and maintained for all senior citizen and veterans deductions.

**Condition:**

There was \$3,728.79 in taxes cancelled for 2 years beyond those authorized, one post year tax statement not on file and two veterans' files could not be located. Two sewer properties with delinquent balances totaling \$1,541.32 were excluded from tax sale.

**Cause:**

The Township continued to cancel balances based on past approval, did not properly maintain all senior citizen and veterans' files, and checked off the "exclude from tax sale" box for sewer balances without being able to provide adequate reasoning for doing so.

**Effect:**

Possible unrealized tax or sewer revenues and invalid senior and veterans deductions.

**Recommendation:**

That the Township's tax office cancel only authorized tax balances and maintain all senior and veterans files, and it's sewer office include all applicable properties in the tax sale,.

**TOWNSHIP OF GALLOWAY**

**FINDINGS AND RECOMMENDATIONS**

**2012-03**

The Township's Clerk's Office did not complete and submit the monthly dog license reports and related state funds over to the State in a timely manner.

**Criteria:**

In accordance with State statute 4:19-15.11, Dog license reports and the State's portion of registration fee collections are required to be remitted to the State Department of Health within 30 days after collection.

**Condition:**

January through March dog license reports and disbursement to the State were not submitted until September 2012, April through June's collections not submitted until August 2012, and as of year end, the October through December amounts had not been turned over.

**Cause:**

The Township's Clerk's Office did not submit dog license reports and funds to the State timely.

**Effect:**

Non-compliance with State statutes pertaining to the remission of dog license registration reports and collections to the State.

**Recommendation:**

That the Township complete and submit their dog license reports and related state registration fee collections to the State in a timely manner.

Should any questions arise as to my comments or recommendation, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

**May 7, 2013**

**TOWNSHIP OF GALLOWAY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- |                                       |           |
|---------------------------------------|-----------|
| 1) Material Weakness identified?      | <b>NO</b> |
| 2) Significant Deficiency identified? | <b>NO</b> |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

**MANAGEMENT RESPONSES**

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

None needed

**STATUS OF PRIOR YEAR FINDINGS**

All prior year findings have been corrected or partially corrected.